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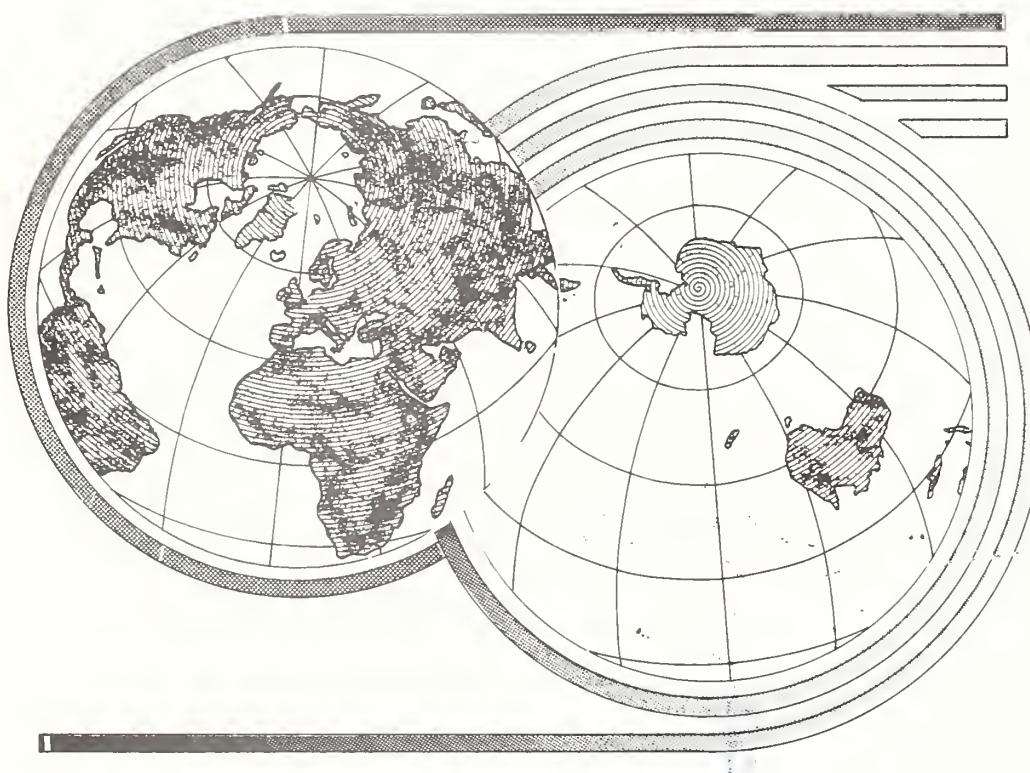


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# WORLD AGRICULTURAL Situation

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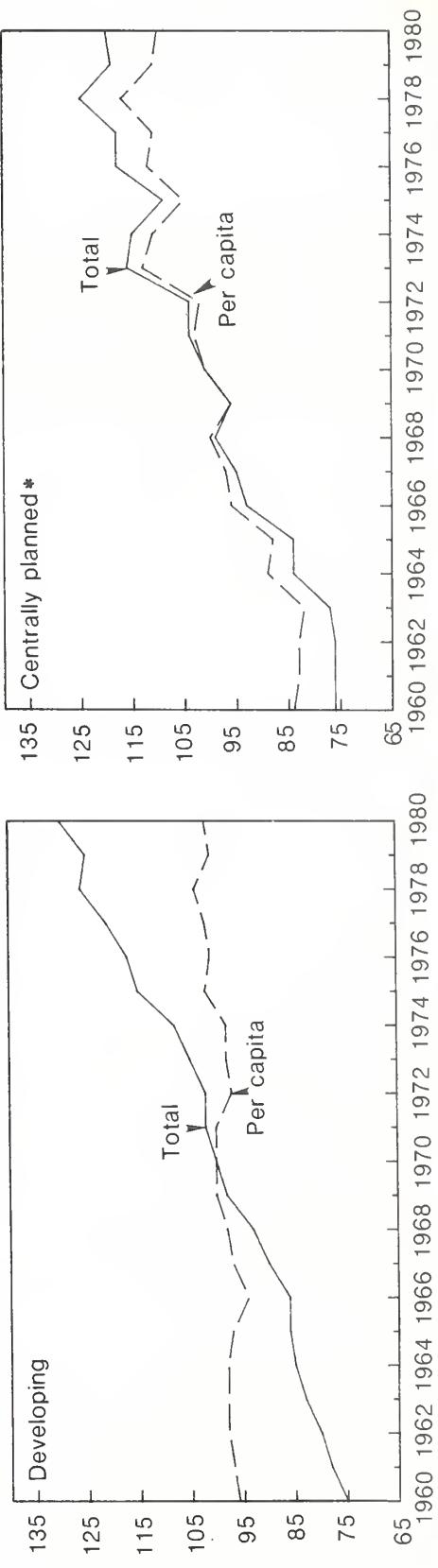
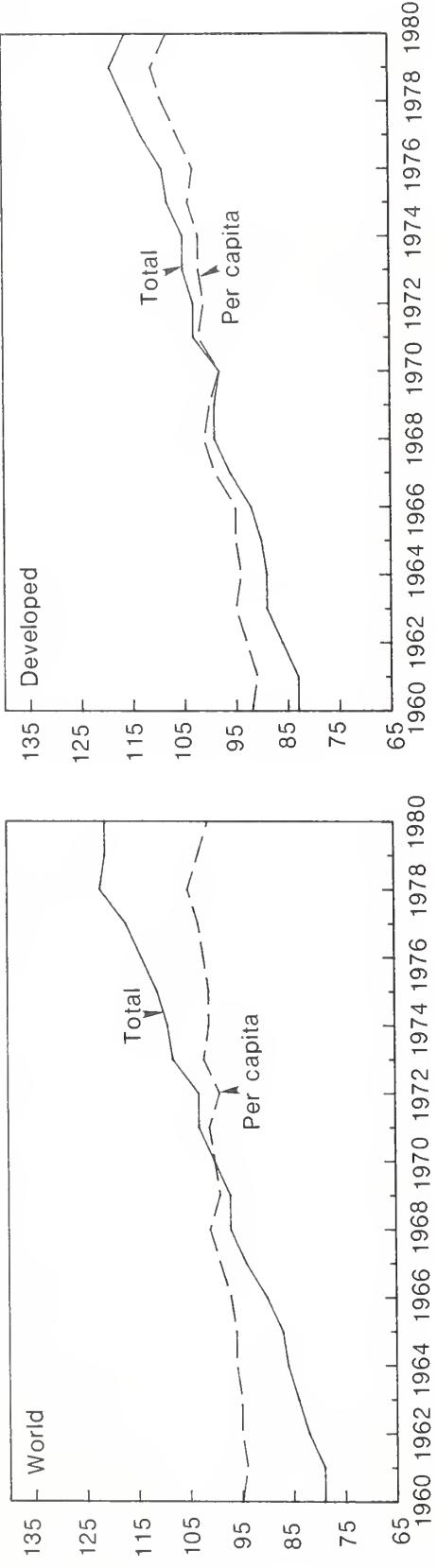


APPROVED BY THE WORLD FOOD AND AGRICULTURAL OUTLOOK  
AND SITUATION BOARD

ECONOMICS AND STATISTICS SERVICE

UNITED STATES DEPARTMENT OF AGRICULTURE

## Changes in Agricultural Production % 1969 - 71 average



\* Excludes Peoples Republic of China

# THE WORLD AGRICULTURAL SITUATION

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## SUMMARY

### World Agricultural Production Unchanged In 1980; Per Capita Output Down

World agricultural production in 1980 (excluding the People's Republic of China) about equaled the production of 1979, when output dropped for the first time in 7 years. The 3-percent decline in 1980 production in the developed countries was offset by a substantial increase in the developing countries and a slight gain in the centrally planned countries. This year's static total production translates into a 2-percent decline in per capita output, to the lowest level since 1972.

However, agricultural output in the developing countries increased 3 percent to a new record, with South and Central America, South Asia, and Africa accounting for the increase. The 7-percent increase in production in South and Central America was about double the 20-year trend increase there. Agricultural production in North Africa was generally strong, and some African export crops showed output increases. However, food production in much of Sub-Saharan Africa was weak, especially in East Africa and the Sahel, and food aid requirements there are estimated to have increased to 2 million metric tons.

Output in the USSR and Eastern Europe increased slightly but remained 4 percent below the 1978 level. Soviet crops were hurt by poor spring and summer weather, and livestock was limited by reduced forage and feed supplies.

Agricultural output in developed countries fell 3 percent, the first time in 6 years without an increase. Most of the drop resulted from a 6-percent decline in the United States, because of drought in the Corn Belt, the Atlantic Coastal Plain, and the Southwest. Production was off sharply in Australia, where drought reduced the grain crop by 28 percent.

Global food production was about the same as in 1979. The output of developing countries rose approximately 4 percent, while that of developed countries fell 2 percent. World per capita food production decreased 2 percent overall, declining 3 percent in developed countries and 1 percent in the USSR and Eastern Europe while holding steady in the developing countries.

Notes: Fiscal 1981 means October 1980/September 1981. Tons are metric and dollars are U.S. unless otherwise specified.

While the economic recession in the developed countries as a group probably ended by the last quarter of 1980, the world economic outlook for 1981 is unfavorable. Little or no growth took place in the developed countries in 1980, and only marginal improvement is expected in 1981. Unemployment is expected to climb during 1981, but inflation may abate somewhat with restrictive monetary and fiscal policies. With the hostilities between Iraq and Iran shrinking petroleum reserves, the petroleum outlook is for a near balance of supply and demand, with the possibility of some further price increase.

World output of cereals—wheat, coarse grains, and milled rice—is estimated to total 1401.4 million tons, slightly above the reduced level of 1979/80 but 3 percent below the record crop of 1978/79. The second weak crop in a row is attributed largely to the reduced U.S. corn crop and to smaller wheat harvests in Australia, China, and India. Outside the United States and Soviet Union, cereal production is up about 4 percent. World cereal use is expected to increase nearly 1 percent and exceed production by about 40 million metric tons, causing a stock drawdown for the second year. World cereal carryover in 1980/81 may reach a low of 10.6 percent of consumption, compared with 13.4 percent last year. World grain trade, excluding trade within the European Community, is expected to increase about 5 percent to 209 million tons in 1980/81, to support continued higher consumption.

Global production of protein meals, fats, and oils is expected to decline in 1980/81. World meal production is forecast to decline 10 percent, while output of fats and oils is likely to be down 3 percent. Large world stocks will partly offset reduced output; total protein

meal supplies will drop less than 3 percent, and total fats and oils supplies may be up marginally. Meat production in the major producing regions increased in 1980 and is expected to increase again in 1981. Larger poultry output and possibly larger beef and veal production are likely to more than offset the decline in pork. The 1-percent increase in world milk production in 1980 will probably be repeated.

World sugar production in 1980/81 is likely to increase modestly. Production in Brazil is expected to expand to over 8 million metric tons, mainly because of larger area. With global sugar consumption near last year's 90 million tons, world stocks may be drawn down about 3 million to 23-24 percent of consumption.

World cotton production will be down about 2.5 percent to 64.0 million bales. The 25-percent decline in U.S. output, resulting from summer drought which cut yields sharply, will more than offset the anticipated 4-percent gain in foreign production.

Fiscal 1981 will be another good year for U.S. agricultural exports. A 20 percent increase from last year's \$40.5 billion is expected, resulting in the 12th consecutive year of record exports. Higher prices will likely account for four-fifths of the value increase. Export volume may total 170 million metric tons, compared with last year's 164 million. Reasons for the increase in value of agricultural exports include higher prices due to reduced U.S. production of grain, oilseeds, and cotton; reduced wheat production in Australia and Argentina, wheat export competitors of the United States; an unprecedented Chinese entry into world grain markets; and continuing production shortfalls in the Soviet Union.

## WORLD ECONOMY GLOOMY

### The Developed Nations

The economic recession in the developed countries as a group is expected to bottom out in the last quarter of 1980. However, the overall economic outlook for 1981 and the next few years is gloomy. Some countries may continue to suffer declining economic activity through the first half of 1981. In contrast to the 1974-75 recession, this recession does not show signs of being followed shortly by a strong upturn in the world economy.

The United States, the United Kingdom, and Canada have had the poorest overall economic performance in 1980 among the major developed countries. The United States and the United Kingdom are expected to have negative economic growth rates for the year while forecasts for Canada range from just above to below zero growth. The other major

developed countries, especially in Europe, are experiencing slower economic growth rates than in 1978 or 1979 and may take longer to pull out of the slow growth cycle. Aggregate real growth in the industrialized European economies may be less than 1 percent in 1980, with an absolute decline in economic activity in the second half of the year. In addition to a deterioration in world trade, other adverse economic factors include the continued acceleration in world inflation, expectations of continued rises in real oil prices, high and climbing unemployment, high interest rates, and worsening balance of payments and debt situations in oil-importing developing countries.

The European economies are facing the loss of price competitiveness because of high wage costs, expensive currencies, and low investment rates. A slow economic recovery is forecast for the second

Selected indices of world agricultural and food production 1969-71 avg. = 100

|                             | Total agricultural production        |     |     |     |     | Total food production                |     |     |     |     | Per capita food production           |     |     |     |     |     |     |     |     |
|-----------------------------|--------------------------------------|-----|-----|-----|-----|--------------------------------------|-----|-----|-----|-----|--------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
|                             | :1975 :1976 :1977 :1978 :1979 :1980* |     |     |     |     | :1975 :1976 :1977 :1978 :1979 :1980* |     |     |     |     | :1975 :1976 :1977 :1978 :1979 :1980* |     |     |     |     |     |     |     |     |
| Developed countries         | :                                    | 108 | 109 | 113 | 116 | 119                                  | 116 | 109 | 109 | 113 | 117                                  | 119 | 117 | 104 | 104 | 107 | 110 | 111 | 108 |
| United States               | :                                    | 110 | 113 | 118 | 118 | 124                                  | 116 | 110 | 113 | 117 | 119                                  | 125 | 117 | 106 | 107 | 111 | 112 | 116 | 108 |
| Canada                      | :                                    | 104 | 113 | 117 | 120 | 113                                  | 116 | 106 | 117 | 119 | 122                                  | 120 | 118 | 99  | 108 | 108 | 109 | 106 | 103 |
| Western Europe              | :                                    | 109 | 107 | 109 | 115 | 118                                  | 122 | 109 | 107 | 109 | 116                                  | 117 | 122 | 105 | 103 | 105 | 111 | 113 | 117 |
| European Community          | :                                    | 106 | 104 | 107 | 118 | 117                                  | 120 | 106 | 104 | 107 | 113                                  | 117 | 120 | 103 | 101 | 104 | 109 | 113 | 116 |
| Japan                       | :                                    | 104 | 100 | 109 | 109 | 110                                  | 103 | 104 | 100 | 109 | 109                                  | 110 | 103 | 97  | 92  | 100 | 99  | 99  | 92  |
| Oceania                     | :                                    | 111 | 113 | 111 | 121 | 114                                  | 106 | 117 | 122 | 119 | 130                                  | 121 | 111 | 108 | 109 | 106 | 115 | 105 | 96  |
| Republic of South Africa    | :                                    | 110 | 113 | 122 | 125 | 123                                  | 125 | 113 | 116 | 124 | 127                                  | 124 | 127 | 99  | 99  | 104 | 104 | 99  | 99  |
| :                           | :                                    |     |     |     |     |                                      |     |     |     |     |                                      |     |     |     |     |     |     |     |     |
| Centrally Planned Countries | :                                    | 109 | 118 | 118 | 125 | 119                                  | 120 | 108 | 117 | 117 | 125                                  | 118 | 117 | 104 | 112 | 110 | 117 | 109 | 108 |
| USSR                        | :                                    | 105 | 116 | 116 | 124 | 117                                  | 119 | 103 | 115 | 114 | 123                                  | 114 | 115 | 98  | 109 | 106 | 115 | 105 | 105 |
| Eastern Europe              | :                                    | 117 | 121 | 121 | 126 | 123                                  | 121 | 117 | 121 | 122 | 127                                  | 124 | 122 | 114 | 116 | 116 | 121 | 117 | 114 |
| :                           | :                                    |     |     |     |     |                                      |     |     |     |     |                                      |     |     |     |     |     |     |     |     |
| Developing countries        | :                                    | 115 | 117 | 121 | 126 | 125                                  | 129 | 116 | 119 | 123 | 127                                  | 126 | 130 | 103 | 103 | 104 | 105 | 102 | 101 |
| East Asia 1/                | :                                    | 121 | 127 | 132 | 137 | 140                                  | 140 | 122 | 129 | 133 | 139                                  | 142 | 141 | 108 | 113 | 114 | 116 | 117 | 116 |
| Indonesia                   | :                                    | 119 | 121 | 123 | 132 | 134                                  | 141 | 120 | 122 | 125 | 133                                  | 135 | 142 | 107 | 107 | 107 | 112 | 111 | 115 |
| Philippines                 | :                                    | 125 | 130 | 132 | 136 | 135                                  | 141 | 125 | 132 | 134 | 137                                  | 137 | 143 | 109 | 112 | 111 | 111 | 108 | 110 |
| Republic of Korea           | :                                    | 129 | 146 | 159 | 164 | 172                                  | 147 | 128 | 145 | 157 | 163                                  | 171 | 147 | 116 | 130 | 139 | 141 | 146 | 124 |
| Thailand                    | :                                    | 118 | 119 | 117 | 137 | 131                                  | 140 | 123 | 126 | 122 | 143                                  | 131 | 141 | 107 | 107 | 102 | 117 | 104 | 110 |
| South Asia                  | :                                    | 112 | 109 | 119 | 123 | 118                                  | 122 | 113 | 111 | 120 | 124                                  | 118 | 122 | 101 | 97  | 103 | 104 | 97  | 98  |
| Bangladesh                  | :                                    | 110 | 103 | 113 | 115 | 111                                  | 124 | 114 | 105 | 116 | 116                                  | 111 | 129 | 100 | 90  | 97  | 94  | 88  | 99  |
| India                       | :                                    | 113 | 110 | 119 | 125 | 118                                  | 122 | 113 | 111 | 120 | 125                                  | 117 | 121 | 102 | 97  | 103 | 106 | 97  | 99  |
| Pakistan                    | :                                    | 101 | 106 | 118 | 114 | 129                                  | 136 | 106 | 116 | 126 | 123                                  | 133 | 141 | 91  | 97  | 102 | 97  | 101 | 105 |
| West Asia                   | :                                    | 124 | 136 | 135 | 141 | 137                                  | 142 | 125 | 137 | 136 | 143                                  | 139 | 145 | 109 | 116 | 112 | 115 | 109 | 110 |
| Iran                        | :                                    | 142 | 154 | 152 | 161 | 149                                  | 136 | 145 | 158 | 155 | 165                                  | 153 | 140 | 127 | 134 | 128 | 133 | 119 | 106 |
| Turkey                      | :                                    | 118 | 127 | 128 | 131 | 128                                  | 137 | 119 | 126 | 127 | 132                                  | 129 | 138 | 105 | 109 | 107 | 108 | 103 | 108 |
| Africa 2/                   | :                                    | 107 | 108 | 106 | 109 | 110                                  | 112 | 108 | 110 | 108 | 110                                  | 111 | 113 | 94  | 93  | 88  | 88  | 86  | 85  |
| Egypt                       | :                                    | 107 | 109 | 108 | 113 | 116                                  | 117 | 115 | 117 | 116 | 119                                  | 121 | 123 | 103 | 102 | 99  | 99  | 99  | 97  |
| Ethiopia                    | :                                    | 82  | 78  | 75  | 69  | 74                                   | 70  | 76  | 73  | 69  | 63                                   | 68  | 64  | 67  | 62  | 57  | 52  | 54  | 50  |
| Nigeria                     | :                                    | 108 | 110 | 110 | 112 | 113                                  | 115 | 108 | 110 | 110 | 112                                  | 114 | 116 | 93  | 92  | 89  | 88  | 86  | 85  |
| Latin America               | :                                    | 119 | 121 | 127 | 132 | 135                                  | 138 | 120 | 126 | 130 | 135                                  | 138 | 142 | 105 | 107 | 107 | 109 | 108 | 109 |
| Mexico                      | :                                    | 121 | 118 | 123 | 130 | 127                                  | 135 | 126 | 122 | 125 | 133                                  | 130 | 140 | 105 | 99  | 98  | 100 | 95  | 99  |
| Argentina                   | :                                    | 109 | 119 | 122 | 137 | 140                                  | 127 | 109 | 120 | 122 | 137                                  | 143 | 128 | 101 | 111 | 111 | 123 | 126 | 111 |
| Brazil                      | :                                    | 127 | 127 | 138 | 136 | 144                                  | 156 | 129 | 142 | 148 | 143                                  | 150 | 166 | 111 | 120 | 121 | 115 | 117 | 126 |
| :                           | :                                    |     |     |     |     |                                      |     |     |     |     |                                      |     |     |     |     |     |     |     |     |
| World 3/                    | :                                    | 111 | 114 | 117 | 122 | 121                                  | 121 | 111 | 114 | 117 | 122                                  | 121 | 121 | 101 | 103 | 103 | 106 | 103 | 101 |
| :                           | :                                    |     |     |     |     |                                      |     |     |     |     |                                      |     |     |     |     |     |     |     |     |

\*Preliminary.

1/ Excludes Japan.

2/ Excludes the Republic of South Africa.

3/ Excludes P.R. China; small countries and islands.

**Real Economic Growth Rate**

| Area                   | 1978 | 1979 | 1980 | 1981 |
|------------------------|------|------|------|------|
| OECD . . . . .         | 3.9  | 3.4  | 1.3  | 1.4  |
| OECD less U.S. . . . . | 3.6  | 3.9  | 2.3  | 2.0  |
| Big 6: . . . . .       | 4.1  | 4.3  | 2.3  | 2.1  |
| Italy . . . . .        | 2.6  | 5.0  | 3.5  | 1.8  |
| Japan. . . . .         | 6.0  | 5.9  | 4.5  | 3.8  |
| Canada. . . . .        | 3.4  | 2.9  | 0.3  | 2.0  |
| Germany. . . . .       | 3.5  | 4.4  | 2.5  | 1.5  |
| U.K. . . . .           | 3.5  | 1.7  | -2.5 | 0.6  |
| France . . . . .       | 3.3  | 3.4  | 2.0  | 1.4  |

Source: OECD, official government forecasts and private forecasts.

half of 1981 because expansionary fiscal policies cannot be implemented before early 1981 and even then will most likely be moderate.

The U.K. economic growth rate in 1980 is expected to be relatively low among the OECD (Organization for Economic Cooperation and Development) economies. The decline in economic growth, partly due to restrictive policies designed to hold back inflation, is expected to continue through 1981. Industrial output, retail sales, and employment indicators all continued to fall through the summer. A softening of restrictive government policies, including a cut in the interest rate and some monetary stimulation, has taken place. Recently inflation has begun to moderate and the trade picture has improved.

In contrast, the German economy is expected to bottom out by the end of 1980 as a tight monetary policy (to offset downward pressure on the mark) and inventory drawdowns in 1980 lead to declines in industrial production and real GNP during the latter part of 1980. However, scheduled tax cuts in early 1981 will maintain real consumer expenditures despite the expected fall in disposable income.

The Japanese economy is expected to resume its export drive by mid 1981, after being hurt by weak export demand this year. Export value fell in the third quarter and is expected to fall again in the fourth quarter. In addition to the economic slowdown in developed country markets, the rise in protectionistic sentiment may result in trade barriers against Japanese products. The International Trade Commission rejected the petitions of the Ford Motor Company and the United Auto Workers to find that the U.S. auto industry had been damaged by imports of Japanese cars. The Congress, however, may consider legislation authorizing the President to negotiate a quota on Japanese cars, which in the summer of 1980 accounted for 22 percent of U.S. passenger car sales, up from 12 percent in 1978. Japan also faces import problems, since it depends on the Persian Gulf area for half of its total primary energy requirements. Nevertheless, if oil prices rise only moderately in 1981 and the yen appreciates, Japanese inflation will decline. This, combined with an earlier lowering of the discount rate and govern-

ment stimulation, may reverse the near stagnation in Japan's consumer spending and the decline in its industrial production. These problems, evident in the second and third quarters of 1980, are expected to improve with economic growth in 1981.

The Canadian economy was in recession in the first half of 1980. Some third-quarter improvement occurred but high inventories, sluggish building activity and poor business confidence persist. The government is still grappling with issues of domestic energy pricing and federal-provincial relationships. The economy is expected to pick up in the second quarter of 1981, but a low rate of economic growth is expected for the year as a whole.

Inflation, interest rates and unemployment in developed countries all remain high near the end of 1980, though there have been improvements in the first two areas. The base interest rate for international borrowing had fallen to about 11.3 percent in August from its high of 18.8 percent in March. Though 1981 forecasts for the developed countries are for a moderate rise in economic activity, especially industrial production, unemployment is expected to continue to climb. Inflation has abated somewhat with restrictive monetary and fiscal policies followed by most developed countries during 1980. However, stimulative measures are expected to be enacted in 1981.

**Rates of Increase in Consumer Price Indices**

| Area                   | 1978 | 1979 | 1980 | 1981 |
|------------------------|------|------|------|------|
| OECD . . . . .         | 7.2  | 8.5  | 11.3 | 11.0 |
| OECD less U.S. . . . . | 7.5  | 8.3  | 11.5 | 11.2 |
| Big 6: . . . . .       | 6.2  | 7.3  | 10.8 | 10.0 |
| Japan. . . . .         | 4.2  | 3.1  | 7.5  | 7.7  |
| Canada. . . . .        | 7.3  | 9.0  | 9.5  | 10.0 |
| Germany. . . . .       | 2.6  | 4.2  | 5.0  | 4.7  |
| U.K. . . . .           | 8.7  | 12.0 | 18.8 | 17.1 |
| France . . . . .       | 9.3  | 10.7 | 13.3 | 12.2 |
| Italy . . . . .        | 12.1 | 14.8 | 20.5 | 15.5 |

Source: OECD, data and projections.

Assumptions about oil prices and import dependence strongly affect projections of economic growth and specific economic variables such as inflation, unemployment rates, and trade in 1981. In general, the biggest gains from developing alternative energy sources may be made by France and Japan, which are expected to reduce sharply their dependence on imported oil by developing domestic coal, gas, and nuclear energy during the 1980's. Italy is expected to retain the highest dependency among European countries and by 1985 may be more dependent on imported oil for energy than Japan. Though the volume of oil imported by the major industrialized countries is expected to be lower in 1985 than in 1980, the oil import costs will probably be substantially higher.

## The Developing Countries

Economic growth in the oil-importing developing countries has been sluggish in 1980 and is expected to continue that way in 1981 as the countries try to adapt to higher energy costs and finance current account deficits. International lending will play a crucial role in the next few years. The International Monetary Fund (IMF) liberalized access to its loans in an effort to meet developing countries' need for greater liquidity. The IMF has been authorized to lend up to 600 percent of a country's quota over 3 years, virtually tripling past borrowing rates and raising total volumes to an estimated \$7 to \$10 billion annually. The IMF is also considering setting up a food facility to help finance increases in a country's imported food costs caused by domestic production problems or high world prices.

The world recession deepened the financial problems of oil-importing developing countries in 1980. The World Bank has estimated that recession has caused a loss of \$6 billion in potential export earnings of these countries. At the same time, costs of such necessary imports as food and beverages are rising to an estimated \$7.7 billion for the low-income developing countries, or about 17 percent of their total imports, and to \$36 billion for the middle-income developing countries, or 9 percent of their imports. The situation will deteriorate in the next few years as imports grow faster than exports for developing countries, especially in the lower-income countries.

Concessional financing (aid) from all sources in 1980 is estimated at \$31 billion, mostly from the developed countries. Financing on commercial terms

from public sources, such as official export credits and IMF lending, has grown and now exceeds the value of net bilateral aid from developed countries. Capital flows from private sources, largely banks, at an estimated \$35 billion, exceeded that from public sources in 1980. The total current account deficit of oil-importing developing countries, which must be met by financial flows or drawing down of reserves, is expected to exceed \$60 billion, and perhaps reach \$70 billion, in 1980. Borrowing in private capital markets by developing countries in 1980 was sharply below last year as such large volume borrowers as Korea, Taiwan, and Brazil reduced the level of new loans. Twenty-one countries which borrowed commercially in 1979 did not borrow again in the first half of 1980.

The debt burden of the developing countries grew sharply during 1980 to an estimated \$465 billion, of which \$288 billion is owed by oil importing countries. This level is expected to double by 1985, assuming only moderate oil price increases. Many countries are having difficulty meeting debt-servicing obligations, which equaled \$68 billion in 1980, two-thirds of the value of gross loan flows for the year. This leaves little new financing for importing oil, food, and capital goods. For the middle-income countries, the ratio of debt-service payments to export earnings is 26 percent this year. The ratio for low-income countries is only 9 percent, but they have fewer alternative sources of financing. Debt-service ratios are expected to rise by 2 percentage points by 1985.

Increased oil import costs, declining terms of trade, recession in the developed countries, rampant inflation, drought, and higher grain prices combined

**Projected Real GNP and Population Growth Rates**

|  | Real Annual GNP<br>Growth<br>1980-85 | Real Annual Per<br>Capita GNP Growth<br>1980-85 | Annual<br>Population<br>Growth<br>1980-85 |
|--|--------------------------------------|---|---|
| <i>Percent</i>                               |                                      |   |   |
| Oil-importing LDC's . . . . .                | 4.7                                  | 2.4   | 2.3                                       |
| Low-income countries . . . . .               | 4.1                                  | 1.7   | 2.4                                       |
| Sub-Saharan Africa . . . . .                 | 3.1                                  | 0.1   | 3.0                                       |
| Asia . . . . .                               | 4.3                                  | 2.0   | 2.3                                       |
| Middle-income countries . . . . .            | 4.9                                  | 2.6   | 2.3                                       |
| East Asia and Pacific . . . . .              | 6.9                                  | 4.7   | 2.1                                       |
| Latin America and Caribbean . . . . .        | 5.0                                  | 2.6   | 2.4                                       |
| Middle East and North Africa . . . . .       | 3.7                                  | 0.6   | 3.1                                       |
| Sub-Saharan Africa . . . . .                 | 4.6                                  | 1.6   | 3.0                                       |
| Southern Europe . . . . .                    | 3.8                                  | 2.5   | 1.3                                       |
| Oil-exporting developing countries . . . . . | 6.3                                  | 3.5   | 2.7                                       |
| Industrialized countries . . . . .           | 3.3                                  | 2.9   | 0.5                                       |

<sup>1</sup> World Bank projections for their "High Case" scenario which includes favorable assumptions of real economic growth for industrialized countries and real oil price rise of only 3.3 percent.

to depress trade and growth prospects for most developing countries in 1980 and for the next few years. Their oil imports may have fallen to 5.3 million barrels per day in 1980 from 5.8 million in 1978, but sharply higher prices have boosted this year's cost of oil imports to \$60 billion, double the value 2 years earlier. Commercial energy production is expected to increase more than consumption in the net importers by 1985, but net energy imports will probably rise in both volume and value.

Overall economic growth prospects are unfavorable for oil-importing countries in the next few years. Among the groupings of countries, the prognosis is worst for the low-income countries which import oil. The World Bank estimates that their real annual economic growth will be around 4 percent under its favorable scenario. In per capita terms, annual real growth is estimated at between 1 and 1.7 percent, depending on energy, trade, and financing assumptions. Countries in Sub-Saharan Africa, North Africa, and the Middle East are expected to fare the

worst among oil importers. East Asian and Latin American oil-importing countries could have the highest annual real economic growth rates of 6.9 percent and 5.0 percent through 1985 under relatively favorable assumptions. They are expected to benefit from growth in exports of manufactured goods, minerals, and metals.

Oil-exporting countries will benefit from expected continued increases in real oil prices through 1985. The World Bank in its World Development Report has assumed an annual real oil price increase of 3.3 percent, which may be conservative. There is no expectation of a recurrence of the 1976-78 respite, when real oil prices declined. OPEC revenues in 1980 are estimated to reach \$300 billion and provide for a current account surplus of \$110 billion. For the oil-exporting countries as a group, annual real economic growth rates from 1980 to 1985 are expected to exceed those of the industrialized countries and about equal them in per capita terms. (Eileen Manfredi, 202-447-8712)

## INTERNATIONAL VALUE OF THE DOLLAR

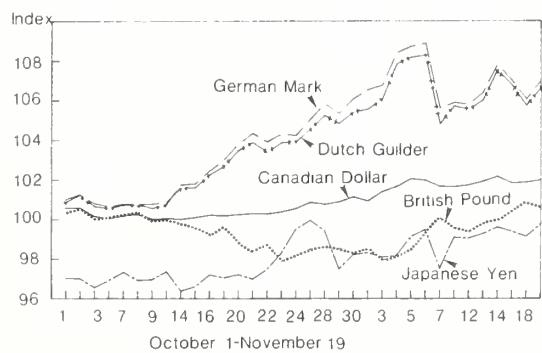
### Election Returns Lead Dollar Gains in November

The U.S. dollar's lackadaisical upward movement during the second half of October turned into a full-scale advance in November in relation to all five major currencies most important to U.S. agricultural trade. Factors influencing the recent advance have been the November 4 election, the sharp increase in interest rates paid on dollar deposits in Europe, and the continued threat of oil supply disruptions by the Mideast conflict.

At least in the short term, President-elect Reagan is seen as advocating policies which will bolster the dollar in foreign exchange markets. Most important

are expected efforts to slow the growth of the domestic money supply and to quiet inflationary expectations in the U.S. economy. Traders with long-term

Indexed Currency Units per U.S. Dollars, October 1-November 19, 1980 (September = 100)



Foreign Currency units per U.S. dollar

| Period       | German | Japanese | British | Dutch | Canadian |
|--------------|--------|----------|---------|-------|----------|
| 1977 . . .   | 2.322  | 268.5    | .5729   | 2.454 | 1.064    |
| 1978:        |        |          |         |       |          |
| I. . . . .   | 2.076  | 237.6    | .5189   | 2.224 | 1.113    |
| II . . . .   | 2.077  | 220.8    | .5451   | 2.223 | 1.127    |
| III. . . .   | 2.007  | 192.8    | .5177   | 2.173 | 1.144    |
| IV. . . .    | 1.875  | 190.6    | .5039   | 2.033 | 1.178    |
| 1978 . . .   | 2.009  | 210.5    | .5214   | 2.164 | 1.141    |
| 1979:        |        |          |         |       |          |
| I. . . . .   | 1.854  | 201.5    | .4961   | 2.003 | 1.187    |
| II . . . . . | 1.895  | 217.6    | .4807   | 2.064 | 1.158    |
| III. . . . . | 1.816  | 218.9    | .4481   | 1.997 | 1.166    |
| IV. . . . .  | 1.766  | 238.6    | .4632   | 1.960 | 1.175    |
| 1979 . . .   | 1.833  | 219.2    | .4713   | 2.006 | 1.171    |
| 1980:        |        |          |         |       |          |
| Jan. . . .   | 1.724  | 237.7    | .4412   | 1.902 | 1.163    |
| Feb. . . .   | 1.748  | 244.2    | .4369   | 1.926 | 1.157    |
| March . .    | 1.852  | 248.3    | .4532   | 2.030 | 1.174    |
| April . . .  | 1.875  | 250.0    | .4523   | 2.055 | 1.186    |
| May. . . .   | 1.790  | 228.2    | .4339   | 1.971 | 1.173    |
| June . . . . | 1.767  | 217.8    | .4279   | 1.938 | 1.151    |
| July. . . .  | 1.748  | 221.1    | .4213   | 1.910 | 1.152    |
| Aug. . . . . | 1.788  | 223.8    | .4215   | 1.947 | 1.159    |
| Sept. . . .  | 1.790  | 214.4    | .4164   | 1.946 | 1.164    |
| Oct. . . .   | 1.843  | 209.2    | .4134   | 1.998 | 1.169    |
| Nov. . . .   | 1.918  | 212.2    | .4145   | 2.074 | 1.185    |

viewpoints expect a more encouraging investment atmosphere and future productivity gains.

Sharp increases in the prime interest rate charged by major banks in the U.S. have led to higher returns on dollar deposits in Europe. With the exception of a one-day panic (see accompanying graph), such remunerations are seen as firming. If this is indeed the case, the dollar could benefit much as the British pound has; for as long as interest rates remain high, then so will the currency's value.

The German mark has weakened relative to the dollar in recent weeks. The slowdown in West Germany's economic growth, possibly presaging a recession, has discouraged capital inflows. Relatively low interest rates payable on the mark have also considerably reduced its speculative value.

The Japanese economy slowed considerably in the third quarter, prompting the Bank of Japan to lower its key lending fee. In doing so, the bank hoped that the yen would drop in value, and encourage more Japanese exports. But continued Mideast investment in the Japanese stock market has moderated any potential fall in the yen's value.

Evidence is now becoming available on the shifting of total world foreign exchange reserves among various currencies. The total value of international reserves rose ten fold during the 1970's. The U.S. dollar comprised 87 percent of the total in 1976, but by late 1979 the percentage had dropped to around 65 percent. European countries are apparently content to hold almost all of their reserves in dollars, while developing nations tend to depend heavily on diversification, switching back and forth as currencies become relatively stronger or weaker. This phenomenon encourages both the strengthening of

Index of trade weighted dollar exchange rate for major commodities (April 1971 = 100)

| Period     | Total agric.<br>exports | Soybeans | Wheat  | Cotton | Corn   |
|------------|-------------------------|----------|--------|--------|--------|
| 1972 . . . | 93.96                   | 90.79    | 98.49  | 101.41 | 92.49  |
| 1973 . . . | 87.80                   | 82.36    | 94.58  | 97.82  | 85.56  |
| 1974 . . . | 89.51                   | 83.55    | 97.96  | 100.22 | 87.81  |
| 1975 . . . | 90.87                   | 82.58    | 103.05 | 108.41 | 89.11  |
| 1976 . . . | 97.10                   | 88.41    | 112.30 | 111.43 | 97.56  |
| 1977 . . . | 99.82                   | 88.52    | 120.56 | 110.31 | 100.67 |
| 1978:      |                         |          |        |        |        |
| I . . . .  | 97.48                   | 83.96    | 124.57 | 107.31 | 97.34  |
| II . . . . | 97.29                   | 83.19    | 125.41 | 106.74 | 97.60  |
| III. . . . | 95.37                   | 79.42    | 128.07 | 103.96 | 94.75  |
| IV. . . .  | 95.12                   | 77.11    | 131.90 | 105.89 | 93.54  |
| Year. . .  | 96.32                   | 80.92    | 127.49 | 105.98 | 95.81  |
| 1979:      |                         |          |        |        |        |
| I. . . .   | 97.80                   | 77.55    | 138.47 | 109.25 | 96.05  |
| II. . . .  | 99.89                   | 78.98    | 145.30 | 110.56 | 98.59  |
| III. . . . | 99.74                   | 77.53    | 150.59 | 110.14 | 98.01  |
| IV. . . .  | 103.20                  | 78.90    | 165.18 | 111.80 | 101.60 |
| Year. . .  | 100.16                  | 78.16    | 149.89 | 110.52 | 98.57  |
| 1980:      |                         |          |        |        |        |
| Jan.* . .  | 105.70                  | 77.70    | 183.14 | 115.61 | 103.80 |
| Feb.* . .  | 106.90                  | 78.60    | 185.40 | 119.14 | 105.30 |
| March*. .  | 109.73                  | 81.30    | 190.70 | 120.20 | 108.30 |
| April*. .  | 110.98                  | 82.22    | 194.37 | 120.60 | 109.70 |
| May*. .    | 109.30                  | 79.10    | 197.00 | 119.50 | 107.30 |
| June*. .   | 108.70                  | 77.80    | 199.70 | 118.90 | 106.60 |
| July*. .   | 108.85                  | 77.68    | 201.34 | 118.14 | 106.84 |
| Aug*. .    | 110.30                  | 78.80    | 205.40 | 119.20 | 108.4  |
| Sept.* .   | 110.27                  | 78.31    | 207.4  | 118.7  | 108.2  |
| Oct.* .    | 113.65                  | 79.45    | 219.7  | 118.9  | 109.4  |

\*Exchange rate figures were taken from the *Wall street Journal*, and yield indices that are somewhat lower than the indices for other months, which were derived from data in the *International Financial Statistics* of the IMF.

currencies increasing in value and the weakening of currencies decreasing in value. (David Stallings, 202-447-8457)

## WORLD ENERGY SITUATION

### Tighter Oil Markets; Further Price Increases Likely

Expectations that the war between Iraq and Iran would be of short duration, with limited impact on the world petroleum situation, have all but faded. The war nears its third month, and damage to petroleum installations in both countries, particularly in Iran, is reported to be serious. Petroleum production in these countries, which in the first 6 months of 1980 amounted to 5.5 million barrels a day (b/d), dropped to about 1 million b/d in late October, but then recovered to some extent.

When 3.8 million b/d of Iraqi and Iranian oil disappeared from the world market at the beginning of hostilities, other OPEC members stepped up production to compensate. Saudi Arabia has reportedly increased production by 600,000 b/d, Qatar and Unit-

ed Arab Emirates by 70,000 b/d each, Venezuela by 30,000 b/d, and Nigeria by 400,000. More recently, Iraq and Iran have resumed crude exports of about 1 million b/d (700,000 b/d from Iraq and 300,000 from Iran). This still is 1.7 million b/d short of pre-war exports. The OPEC countries apparently intend to pressure the principal consuming nations to reduce their sizable petroleum inventories which were accumulated during the period of overproduction earlier this year. However, the governments of industrialized nations as well as oil companies are resisting, since both expect some shortages next spring.

In this situation the pressure on petroleum prices is building up. Several sources have reported that spot crude prices, which had dropped to \$31 a barrel prior to the war, have since jumped up to the record level of 1979, between \$35 and \$42 a barrel. However,

relatively little petroleum has been moving through the spot market in the last three months and most of it has been selling at the official OPEC price of \$30 to \$37 a barrel. The immediate outlook is for about a 10 percent increase in official petroleum prices. The outlook for 1981 as a whole is for a near balance between supply and demand and possibly further price increases.

The total supply, which in 1979 was 62.4 million b/d and went down to 61.0 million b/d during the first 6 months of this year, may decline next year to 58.0 million b/d. Demand, however, is likely to exceed this level of supply, and stock drawdowns at the rate of 2.5 million b/d from the present total stocks of 3.7 billion barrels, as well as additional conservation, will be necessary.

U.S. total crude petroleum consumption decreased 9 percent from 19.0 million b/d in the first half of 1979 to 17.2 million b/d in the first half of 1980 and is expected to decrease further next year. In the same period, production increased from 8.5 to 8.7 million b/d, and imports decreased from 10.5 to 8.5 million b/d. Most of the decrease in consumption and imports was due to conservation and economic recession. In 1981, ethanol production from corn will play

**World Crude Petroleum Production  
1979, 1980 and 1981**

(Million Barrels/Day)

| Region                  | 1979 | 1980 | 1981 |
|-------------------------|------|------|------|
| (First 6 months)        |      |      |      |
| OPEC . . . . .          | 30.7 | 28.5 | 24.0 |
| USSR . . . . .          | 11.5 | 11.6 | 11.5 |
| USA . . . . .           | 8.5  | 8.7  | 8.8  |
| China . . . . .         | 2.1  | 2.1  | 2.0  |
| Rest of World . . . . . | 9.6  | 10.1 | 11.7 |
| Total . . . . .         | 62.4 | 61.0 | 58.0 |

an increasing, although relatively minor, role in the U.S. energy economy. According to the Department of Energy, given present and planned loan guarantees, ethanol output will increase from 50 million gallons (about 3,260 b/d) in 1979 to 920 million gallons (about 60,000 b/d) in 1982. By then, ethanol output may be equivalent to nearly 0.8 percent of U.S. crude petroleum imports. (Francis Urban, 202-447-8106)

## WORLD FERTILIZER SITUATION

World fertilizer consumption during 1980/81 is expected to increase about 5 percent to almost 117 million tons of nutrients. This increased demand reflects strong world grain and agricultural commodity prices growing out of the current tight supply situation. Existing nitrogen and phosphate production facilities are ample for satisfying this anticipated strong demand. (See table 1). Potash supplies, however, are expected to be somewhat tighter, so increased operating rates in developed countries and an inventory drawdown can be foreseen. Despite the potential for a relatively comfortable world supply/demand balance for nitrogen and phosphates, current world events are expected to exert upward pressure on world fertilizer prices.

The war between Iran and Iraq has a direct effect of reducing ammonia, urea, and sulfur supplies, as well as an indirect effect upon world energy prices, thus potentially raising feedstock costs. Combined ammonia and urea production capacities are 1.1 million metric tons for Iran and 1.0 million for Iraq, accounting for a very small share of world output. Thus the loss of nitrogen fertilizer production from these countries should have minimal impact upon

world prices. But, if the war causes further major disruptions in world energy supplies, nitrogen fertilizer feedstock costs will increase in concert with overall energy prices.

The war may also affect phosphate production costs by terminating Iranian and Iraqi sulfur exports. Sulfur is used to process phosphate rock into fertilizer. Together the two countries export about 1 million tons of sulfur per year (about 6 percent of world trade). Sulfur has been in tight supply for the past couple of years, so prolonged curtailment of Iranian and Iraqi exports could send sulfur prices higher. Thus far, the impact has been concentrated in Asia. India had been heavily dependent upon Iraqi sulfur and was recently forced into the spot market to replace lost supplies.

Poland is an important exporter of sulfur, and recent labor disruption there caused a small decline in sulfur shipments. If the recent labor settlement there fails, or if natural gas deliveries are curtailed, still more uncertainty would cloud the world sulfur outlook.

India figures prominently in the world fertilizer trade picture again this year. Attempting to rebuild

**International Spot Prices for Principal Fertilizers  
and Raw Materials 1979-80**

| Product/Origin   | (Dollars per metric ton f.o.b) <sup>1</sup> |                 |                  |                 |
|--|---|-----------------|------------------|-----------------|
|  | Jan. 1,<br>1979                             | Jan. 7,<br>1980 | June 30,<br>1980 | Dec. 8,<br>1980 |
| Anhydrous ammonia  |   |                 |                  |                 |
| W. Europe . . . . .                                      | 111-120                                     | 150-155         | 180-185          | 160-165         |
| U.S. Gulf. . . . .                                       | 90  | 138-142         | 150-155          | 132-136         |
| Urea   |   |                 |                  |                 |
| W. Europe . . . . .                                      | 125-127                                     | 185-190         | 206              | 230-235         |
| U.S. Gulf. . . . .                                       | 127-130                                     | 155-160         | 177-180          | 191-195         |
| Muriate of Potash<br>(Standard grade)                    |   |                 |                  |                 |
| W. Europe . . . . .                                      | 62-63                                       | 89-90           | 120-125          | 120-125         |
| Canada. . . . .  | 65  | 98-115          | 98-115           | 98-115          |
| Phosphoric acid<br>(100% P <sub>2</sub> O <sub>5</sub> ) |   |                 |                  |                 |
| Tampa . . . . .  | 230   | 370-375         | 385-390          | 370-375         |
| Morocco . . . . .  | 230   | 380-400         | 380-400          | 380-400         |
| Diammonium phosphate (DAP)                               |   |                 |                  |                 |
| Tampa . . . . .  | 142-144                                     | 255-265         | 211-214          | 217-225         |
| Tunisia. . . . .   | ---   | 275-280         | 260-270          | 260             |
| Concentrated super-phosphate (TSP)                       |   |                 |                  |                 |
| Tampa . . . . .  | 98-99                                       | 191-195         | 170-173          | 185-192         |
| Tunisia. . . . .   | 130-135                                     | 195-205         | 195-205          | 230             |
| Sulfur (Solid)   |   |                 |                  |                 |
| W. Europe . . . . .                                      | 68  | 115             | 115              | 125-135         |
| Canada. . . . .  | 50-52                                       | 120-125         | 125-130          | 113-120         |

<sup>1</sup> F.O.B. prices Except W. Europe ammonia in June and Dec. 1980, CIF. Prices for bulk shipments except urea, W. Europe 1980 and TSP Tunisia, Dec. 1980 in bags.

Source: Green Markets.

food stocks following the 1979 drought, Indian agriculture is expected to significantly increase its demand for fertilizer in 1980/81. However, the country is still plagued by petroleum-based feedstock supply problems because of the cutoff of Iranian and Iraqi crude oil supplies and political and labor unrest in the oil-producing and refining region of northeast India. India has increased imports of urea and diammonium phosphate, for example, and will soon purchase another \$66 million worth of these products with USAID financing.

Urea markets may also be under pressure from unexpected purchases by Mexico and Indonesia. Both nations were expected to export urea this year, but growing domestic demand and production difficulties have thrust them into the world market.

Events involving Brazil and the Soviet Union could affect phosphate markets. Early in 1980, Brazil greatly increased phosphate imports, but farmer demand has recently become sluggish and inventories are building. Brazil has postponed or cancelled several phosphate purchases in recent months. In addition, the U.S. embargo on phosphate exports to the USSR is expected to remain in effect as long as U.S. grain shipments to that country remain restricted. If Brazilian demand rebounds or if the U.S. phosphate export ban to the Soviet Union is lifted, demand for U.S. phosphate exports could surge and exert upward pressure on domestic phosphate prices. (Richard Rortvedt, National Economics Division, 202-447-7340. For further information See 1981 Fertilizer Situation, FS-11, December 1980.)

## COMMODITY PRICES

### Prices Level Following Sharp Gains

Prices of agricultural products have generally steadied in recent weeks following sharp increases since summer, when many commodities reached record highs. Markets responded to tightening world supply-demand conditions for grains, oilseeds, and cotton. U.S. crop production was substantially reduced by this summer's heat and drought, and total red meat and poultry production is down slightly in the second half of 1980.

### Export Prices

Wheat and corn export prices reached new six year highs. Wheat prices at U.S. Gulf Ports climbed steadily from early summer, setting a new record of \$5.42 a bushel in November 1980, a 9-percent increase from last year. The U.S. Gulf Ports price for corn during November steadied at \$3.80 a bushel.

Soybean prices at the Gulf reached a high in November of \$9.30 a bushel, exceeded only during mid-1977.

C.I.F. Rotterdam prices have set a record high for U.S. wheat, corn, grain sorghum, soybeans, and soybean meal. The November C.I.F. Osaka price for cotton at 95.6 cents a pound, also reached a new high, reflecting the tight supply brought about by the summer drought. The Bangkok rice price has steadied at \$463 a ton, up 27 percent from last year's price.

### Import Prices

The New York wholesale spot price for coffee has continued its steady decline since January and reached a low of \$1.25 a pound in November. There is an oversupply of coffee in world markets and the United States has reduced its demand. After reach-

ing a record low in August of \$.99 a pound, the price of cocoa beans was up 2 cents in November, although it was still 2 percent lower than a year ago. Cocoa prices have eased recently as traders await the opening of talks in Geneva on a new price and stabilization agreement. The price of imported cow meat for November 1980 was \$1.30 a pound, about the same as last year.

### Quarterly Export Unit Values

The average unit value for major U.S. agricultural exports in the third quarter was down about 1 percent from last year. Soybean and soybean products were valued lower than last year. However, unit values for major export commodities were higher in the fiscal year just ended. Grain sorghum, at \$135 a ton, was 19 percent higher than a year earlier; raw cotton, at \$1.61 a kilogram, was 15 percent higher. Other commodities such as wheat, wheat flour, and corn also were valued higher than last year.

### Quarterly Import Unit Value

The average import commodity unit value in the third quarter 1980 was 10 percent higher than last year. The sugar import unit value, at \$567 a ton, made the biggest price gain. Rubber, cocoa beans, bananas, and green coffee also made substantial gains. Beef, canned ham, wine, and tobacco were priced lower than last year.

However, compared with last quarter, the average import unit value rose only 3 percent. Commodities such as sugar, cocoa, and tomatoes made substantial price gains, while beef, canned ham, rubber, and tobacco posted price decreases.

### U.S. Farm Prices Up a Tenth

Prices received by farmers for agricultural commodities have risen sharply since last spring, bolstered by reduced U.S. crop output and cutbacks in livestock production, coupled with strong overseas demand for U.S. grains and oilseeds. November farm prices were up 18 percent from last April's low, and were 11 percent above year-earlier levels.

Prices for wheat received by farmers have increased 10 percent over a year ago, to \$4.34 per bushel in November 1980. Corn and soybeans each increased 35-40 percent from last November's level, to \$3.20 and \$8.42 a bushel, respectively. Potatoes made the biggest jump, from \$3.36 per hundredweight in November 1979 to \$5.38 in November 1980, a 60-percent increase.

Beef cattle prices declined 7 percent from last November to \$59.60 per hundredweight. Calf prices also declined, falling to \$72.90 per hundred weight, an 8 percent reduction from last November. The price received by farmers for hogs in November was \$45.30 per hundredweight and for broilers 30.2 cents per pound, increases of 21 percent and 50 percent respectively, from last November.

### Consumer Price Index

The U.S. consumer price index, before seasonal adjustment, rose 0.9 percent in October to 253.9 (1967=100). This figure is 12.6 percent higher than in October 1979. Prices for grocery store foods advanced 0.8 percent in October, following substantial increases in the preceding 3 months. Price moderation was due to smaller increases in pork and poultry and declines in fresh fruits and vegetables and beef. (Jitendar Mann, 202-447-9160)

## U.S. AGRICULTURAL TRADE

### U. S. Agricultural Exports May Reach \$48.5 Billion

U.S. agricultural exports in fiscal 1981 are expected to increase about a fifth from last year's \$40.5 billion, resulting in the 12th consecutive year of record export values. Agricultural imports are also expected to set a record at \$18.5 billion, resulting in an agricultural trade surplus of \$30 billion—\$7 billion larger than in fiscal 1980.

Fiscal 1981 export volume may total a record 170 million tons, compared with last year's 164 million. Grain exports are expected to lead with a projected increase of 7 million tons. Feed grain shipments are expected to increase about 3 million tons to 74 million, while wheat and flour shipments could rise 4 million tons to over 41 million.

A small increase is forecast in the volume of U.S. rice exports, following last year's record. Rice exports rose dramatically in fiscal 1980 because of unusually large shipments to Korea of 725,000 tons. Korean purchases may be even larger this year because of a sharply reduced rice crop there.

Volume declines are projected for soybeans and products after tremendous increases in fiscal 1980. Soybean exports may decline 5 to 8 percent in volume because of a less competitive corn/soymeal price relationship in the EC, increased supplies in Brazil and Argentina, and reduced U.S. production.

Exports of feeds and fodders, led by corn gluten feed and meal, are likely to be up substantially in volume during fiscal 1981, on the heels of a 31-percent increase in fiscal 1980. Export volume may decline marginally for tobacco. Cotton exports, which

showed the biggest increase of any U.S. crop in fiscal 1980, will experience a dramatic decline in the current fiscal year as reduced supplies, higher prices, and a weak world economy slow demand.

Higher prices will likely account for four-fifths of the increase in the value of U.S. farm exports this year, with volume representing the remainder. Although foreign grain production is up somewhat this year, the 12-percent drop in the U.S. grain harvest—in the face of record export demand—has driven up grain export prices.

In the 2 months or so since the beginning of the new fiscal year, grain prices at Gulf ports haven't risen \$12-\$17 per ton, while soybean prices have soared by over \$55 per ton. This early price movement foreshadows the impact of prices on the total value of U.S. exports in fiscal 1981. Wheat prices are expected to be 5 to 10 percent higher than in fiscal 1980, while corn, sorghum, and soybean prices will likely be up about a third.

The United States is faced with the prospect of extremely low carryin stocks of 1979/80 cotton, exacerbated by a poor 1980 cotton harvest. Thus, despite an improved foreign supply situation, the export price of U.S. cotton has soared.

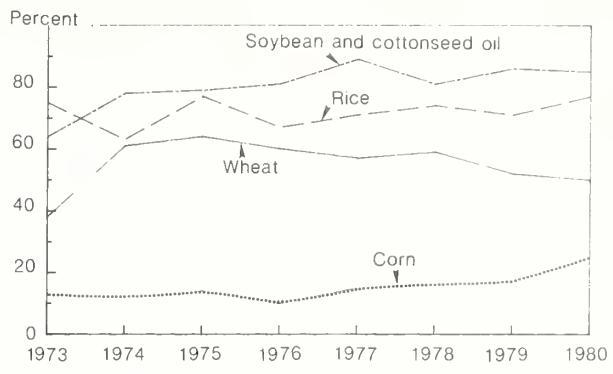
The recently signed grain accord with China for calendar 1981 through 1984 will establish China as our largest wheat market. Annual exports of 6-9 million tons of wheat and corn were agreed upon, with wheat accounting for 80-85 percent of that total. The USSR has already completed purchases of the 8 million tons of wheat and corn allowed under the U.S.-USSR Grain Agreement, which is in its final year. The 1980 Soviet grain crop is now estimated at 185 million tons—the second consecutive poor harvest—portending another year of aggressive Soviet buying on world markets.

Once, only a few countries took over \$1 billion of U.S. farm products, but in fiscal 1981 seven countries are expected to exceed \$2 billion. Japan, perennially our largest market, is expected to retain its 14-percent share of U.S. agricultural exports at nearly \$7 billion. Other countries that may exceed \$2 billion of U.S. products include the Netherlands, China, West Germany, Mexico, Korea, and Canada.

Exports of animals and animal products in fiscal 1981 are expected to increase 3-5 percent, although these exports, even more than grain exports, will depend on world economic conditions, as well as on the level of U.S. cattle slaughter. In the current fiscal year, the United States is expected to continue meeting the growing world demand for poultry products, increasing exports slightly over last year's record level.

Tobacco exports rebounded midway through fiscal 1980 and are expected to decrease marginally in volume during the current fiscal year. A continuation of relatively high interest rates and sluggish

## Volume Share of U.S. Agricultural Exports to Developing Countries



Note Volume by Fiscal Year.

world cigarette output will determine the extent of decline in volume.

U.S. agricultural imports are expected to increase over \$1 billion to \$18.5 billion in fiscal 1981. Sugar imports are expected to rise about \$1.5 billion, reflecting an anticipated 8-percent increase in volume and an increase of nearly 80 percent in unit value. The increase in the value of sugar imports is expected to be partially offset by a \$900-million decrease in coffee imports. Increased world coffee production has served to drive down the price of coffee. As a result, a 3 to 5-percent increase in the volume of U.S. coffee imports will be more than offset by a projected price drop of 40 cents a pound, or 23 percent.

After slipping for the past 4 years, world production of beef and veal may rise in 1981. Beef and veal imports by the United States are expected to remain near the reduced fiscal 1980 level, which was down 14 percent from the year before.

U.S. export volume and value this year will be shaped primarily by the following:

- the drought-reduced U.S. harvest of feed grains, oilseeds, and cotton which is causing higher prices,
- reduced wheat production and export prospects in Australia and Argentina,
- a second consecutive year of poor grain crops in the Soviet Union,
- a decline in Chinese grain production and a substantial increase in total Chinese imports,
- slower growth in foreign livestock production,
- continued slow economic recovery in the major developed markets,
- a sharp deterioration in the current trade accounts for most developing countries.

(Stephen R. Milmoe, 202-447-9160)

# WORLD COMMODITY DEVELOPMENTS

## Grains

### Cereals Overview

World production of cereals—wheat, coarse grains, and milled rice—has increased only marginally from last year's depressed level. Production in 1980/81 is estimated at 1401.4 million tons, compared with 1399.9 last year and 1453.6 in 1978/79. The continued low production can be largely attributed to the poor U.S. corn crop and to the poor Soviet wheat harvest. Outside of the United States and the Soviet Union, coarse grain production is expected to rise 3.6 percent, while wheat production is expected to rise 0.8 percent. Rice production gains in India, Burma and Bangladesh are expected to offset declines in Korea, Japan, and China, resulting in a world production increase of 5.3 percent over 1979/80.

Meanwhile, world cereal utilization is expected to increase 0.6 percent, with only wheat consumption showing a decline, which is due to the anticipated reduction in Soviet wheat feeding. Rice consumption continues to rise steadily, while an increase in coarse grain non-feed use is expected to offset decreased corn feeding in the United States. World cereal utilization is expected to exceed production by about 40 million tons, requiring stocks to be drawn down for the second year in a row. World cereal carryover stocks as a percent of consumption are expected to decline from 13.4 percent to about 10.5 percent, a record low.

In the past, such large stock changes have caused major price swings. When world coarse grain carryover fell from 13.9 percent in 1971 to 9.0 percent in 1974, U.S. corn export prices rose 192 percent. After world wheat stocks rose from 17.6 percent in 1974 to 26.0 percent in 1976, the U.S. export price fell from its record level of \$4.90 per bushel in 1974 to \$2.81 in 1977, a 43-percent decline. Today, both wheat and coarse grain ending stocks as a percentage of consumption stand at all-time lows, a fact reflected in current grain prices. In early December, Chicago wheat and corn prices stood at \$4.92 and \$3.74 per bushel, respectively, up from year-earlier prices of \$4.19 and \$2.68.

One factor that may moderate grain price movements is the level of U.S. ending stocks, which is higher today than during the mid-1970's. U.S. 1980/81 ending stocks of grain are expected to total 46.2 million tons, 68 percent above 1974/75's level of 27.5 million tons.

### Food Grain Consumption

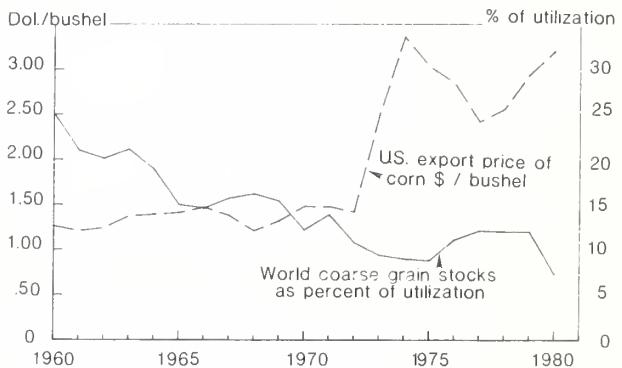
When the world cereal economy tightens, attention naturally turns to its single most important element:

human food grain consumption. Accordingly, the rest of this article will deal with the effect of the tight grain markets on food use of cereals.

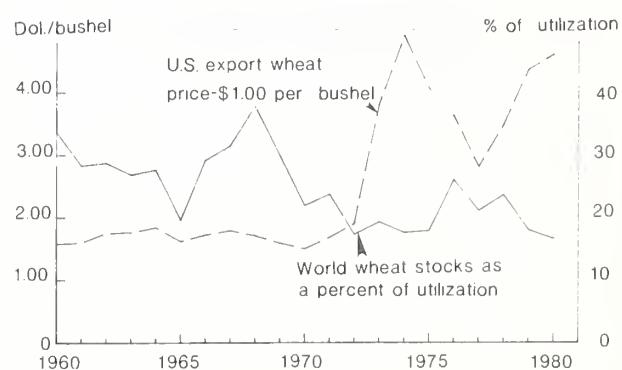
Food use of cereals is a comparatively stable element of the world grain economy. Unlike the livestock-driven demand for feed grain, demand for food grains is inelastic, driven more by population growth than by income. As a consequence, world food use of cereals tends to rise steadily, and has increased by an average annual rate of about 2.5 percent in recent years, staying ahead of world population growth of about 1.8 percent a year in the late 1970's. However, overall average food grain consumption increases mask important shifts in patterns of consumption by commodity, region, and income levels.

In developed countries, food grain consumption per capita is stagnant or even declining slightly; 1980 consumption is estimated at about 176 kilograms (kg) per person. With high incomes, consumers in those countries instead spend disposable

### U.S. Export Price of Corn Related to World Ending Coarse Grain Stocks



### U.S. Export Price of Wheat Related to World Ending Wheat Stocks



|                                 | Coarse<br>Grains | Wheat | Rice  | Food grain Use of Cereals |                  |         |       |                  |       | Total<br>Cereals |  |
|---------------------------------|------------------|-------|-------|---------------------------|------------------|---------|-------|------------------|-------|------------------|--|
|                                 |                  |       |       | 1978/79                   |                  | 1979/80 |       | 1980/81          |       |                  |  |
|                                 |                  |       |       | Total<br>Cereals          | Coarse<br>Grains | Wheat   | Rice  | Coarse<br>Grains | Wheat |                  |  |
| Developed . . . . .             | 52.6             | 69.6  | 13.6  | 135.8                     | 54.4             | 70.8    | 13.7  | 138.9            | 56.9  | 70.0             |  |
| U.S.. . . . .                   | 19.9             | 18.5  | 1.7   | 40.1                      | 21.2             | 19.0    | 2.7   | 40.9             | 23.5  | 19.3             |  |
| Other. . . . .                  | 32.7             | 51.1  | 11.9  | 95.7                      | 33.2             | 51.8    | 11.0  | 98.0             | 33.4  | 50.7             |  |
| Centrally Planned . . . . .     | 60.0             | 120.9 | 94.4  | 275.3                     | 58.0             | 125.7   | 96.6  | 280.3            | 57.3  | 127.0            |  |
| East Europe . . . . .           | 16.0             | 23.8  | .4    | 40.2                      | 14.0             | 21.4    | .4    | 35.8             | 13.1  | 23.0             |  |
| USSR. . . . .                   | 7.0              | 35.0  | 1.8   | 43.8                      | 7.0              | 35.0    | 1.9   | 43.9             | 7.0   | 36.0             |  |
| China. . . . .                  | 37.0             | 62.1  | 92.2  | 191.3                     | 37.0             | 69.3    | 94.3  | 200.6            | 37.0  | 68.0             |  |
| Developing. . . . .             | 106.9            | 121.6 | 145.8 | 374.3                     | 103.3            | 126.9   | 144.6 | 374.8            | 108.3 | 128.6            |  |
| Latin America . . . . .         | 21.9             | 19.6  | 9.3   | 50.8                      | 22.3             | 20.5    | 9.7   | 52.5             | 23.8  | 21.3             |  |
| Mexico. . . . .                 | 1.1.6            | 3.2   | .4    | 15.2                      | 12.0             | 3.2     | .4    | 15.6             | 12.5  | 3.4              |  |
| Brazil. . . . .                 | 3.2              | 6.5   | 5.7   | 15.4                      | 3.6              | 7.1     | 6.0   | 16.7             | 3.9   | 7.5              |  |
| Other. . . . .                  | 7.1              | 9.9   | 3.2   | 20.2                      | 6.7              | 10.2    | 3.3   | 20.2             | 7.4   | 10.4             |  |
| N. Africa/Middle East . . . . . | 13.0             | 40.7  | 4.3   | 58.0                      | 12.7             | 41.5    | 4.5   | 58.7             | 13.3  | 43.5             |  |
| Other Africa. . . . .           | 28.2             | 3.7   | 5.0   | 36.9                      | 27.1             | 4.0     | 5.4   | 36.5             | 28.9  | 4.1              |  |
| Asia. . . . .                   | 41.7             | 55.3  | 123.7 | 220.7                     | 39.0             | 58.6    | 121.5 | 219.1            | 40.1  | 57.4             |  |
| India. . . . .                  | 31.5             | 33.3  | 50.4  | 115.2                     | 28.5             | 34.6    | 46.9  | 110.0            | 29.0  | 33.0             |  |
| Other. . . . .                  | 10.2             | 22.0  | 73.3  | 105.5                     | 10.5             | 24.0    | 74.6  | 109.1            | 11.1  | 24.4             |  |
| Rest of World. . . . .          | 2.1              | 2.3   | 3.5   | 7.9                       | 2.2              | 2.3     | 3.5   | 8.0              | 2.2   | 2.3              |  |
| TOTAL. . . . .                  | 219.5            | 312.1 | 253.8 | 785.4                     | 215.7            | 323.4   | 254.9 | 794.0            | 222.5 | 325.6            |  |
|                                 |                  |       |       |                           |                  |         |       |                  |       | 808.9            |  |

income on meat, vegetables, and other products, and show little tendency to increase food grain consumption. In centrally planned economies on the other hand, per capita consumption of food grains is higher—about 215 kg this year—and growing, although still at the mercy of fluctuating production. In less developed countries (LDC's), per capita food grain intake is about at the same level as in developed countries—176 kg this year—and growing slowly. Unfortunately, in LDC's, food grains are not supplemented by the wide range of products available in wealthier countries. For that reason, the food grain situation in LDC's is of particular concern.

After experiencing healthy 3.3 percent growth in 1978/79, food grain consumption in LDC's did not grow at all last year. Declines in Indian and African consumption offset normal gains elsewhere. The Indian reduction was due to a 11.5 million ton drop in cereals production, concentrated in rice and barley. A 2.1 million ton decline in coarse grain production in East Africa—especially in Kenya and Uganda—lowered consumption 11 percent in the region.

In 1980/81, the outlook is for a 3.8-percent increase in LDC food grain consumption over last year's depressed level. Much of the increase is due simply to recovery in the Indian rice and African coarse grain crops. Good growth is also expected in the higher-income regions of the developing world, 5.9 percent in Latin America and 4.6 percent in North Africa and the Middle East. Asian countries outside of India are expected to show a more typical 2.7-percent gain in consumption. Overall, however, the consumption improvement this year is insufficient to offset the population growth of the last 2 years, and LDC per capita cereal intake is believed to be lower today than in 1977.

On a commodity basis, world coarse grains food consumption is expected to increase 3.2 percent in 1980/81 after a 1.7-percent decline last year. Developing countries account for about half the food use of coarse grains, and the recovery of crops in India and Africa is expected to offset a consumption drop in East Europe. Consumption in developed countries is expected to remain about level.

Wheat consumption is virtually unchanged this year, after a 3.6-percent gain last year and a 6.4-percent increase in 1978/79. Record world production in 1978 accounts for the sharp increase in food use that year. Poorer crops in 1979 and 1980, especially in the Soviet Union, China, and India, have prevented growth in wheat consumption and forced world stock drawdowns. China is covering its shortfall by entering the world wheat market to an unprecedented degree. The Soviet Union is expected to make up for 2 bad harvests by importing heavily and reducing wheat feeding to livestock, while India is expected to rely on increased rice and barley availability to avoid

wheat imports. Higher wheat use is expected in many middle-income countries.

Rice utilization is expected to grow 2.3 percent in 1980/81 after a flat 0.4 percent increase last year. A drop in Chinese utilization will be offset by increased use in India, Brazil, and West African countries. Troubled crops in Korea and Japan are expected to keep overall Asian consumption gains nominal. Total LDC rice consumption is expected to grow about 5 percent in 1980/81.

In summary, 1980/81 world food use of rice and coarse grains is expected to rebound from low-growth levels last year, while a very small increase is expected in wheat use. Total cereal food use is expected to increase is more than last year, but less than the recent trend growth, and barely enough to stay even with world population growth. The present low level of grain stocks, especially in major cereal-consuming nations such as India and the USSR, casts a cloud over food availability in 1981/82. (Donnel O'Flynn, 202-447-9160)

## Rice

### World Rice Production and Trade Expected To Set New Records in 1980/81

World rice production during 1980/81 is forecast at a record 392 million tons (rough basis), only marginally above previous reports (see WAS-23, October 1980) despite several significant revisions for individual producing countries. Plentiful monsoon rains last summer and continued favorable growing conditions in the fall have raised rice crop estimates for Thailand and Bangladesh, which may both have record crops. In contrast, last summer's unfavorable weather in Japan and South Korea has caused downward revisions in both countries' crop estimates, which now are the lowest since 1954 and 1965, respectively. In addition, adverse weather has lowered China's yield prospects. This weather, plus reductions in area and a lower incidence of double-cropping during early and late rice means a Chinese rice crop some 2.5 million tons lower than production the previous year and 6 million tons (about 4 percent) lower early season expectations. On the other hand, better crops are expected for India, Indonesia, the United States, Brazil, Nigeria, the Philippines, Sri Lanka, and the Malagasy Republic.

The level of world rice trade and prices during 1981 will be heavily influenced by the following factors: South Korea's imports, which have kept trade at record levels for 2 years; the extent to which Japan, India, and Bangladesh actively pursue export markets; any indication that Indonesia's main crop (harvested in the spring) might foster a need for imports

### World Rice Supply and Utilization

|                         | 1978/79 | 1979/80 <sup>3</sup> | 1980/81 <sup>4</sup> |
|-------------------------|---------|----------------------|----------------------|
| (000 MT)                |         |                      |                      |
| Production <sup>1</sup> |         |                      |                      |
| U.S. . . . .            | 4,272   | 4,316                | 4,804                |
| Foreign. . . . .        | 255,125 | 246,692              | 259,583              |
| World. . . . .          | 259,397 | 251,008              | 264,387              |
| Exports <sup>2</sup>    |         |                      |                      |
| U.S. . . . .            | 2,263   | 2,900                | 3,100                |
| Foreign. . . . .        | 9,517   | 9,680                | 10,062               |
| World. . . . .          | 11,780  | 12,550               | 13,162               |
| Utilization             |         |                      |                      |
| U.S. . . . .            | 1,686   | 1,810                | 1,733                |
| Foreign. . . . .        | 253,239 | 253,983              | 259,869              |
| World. . . . .          | 254,925 | 255,793              | 261,602              |
| Carryover Stocks        |         |                      |                      |
| U.S. . . . .            | 1,037   | 845                  | 816                  |
| Foreign. . . . .        | 27,204  | 22,611               | 25,425               |
| World. . . . .          | 28,241  | 23,456               | 26,241               |

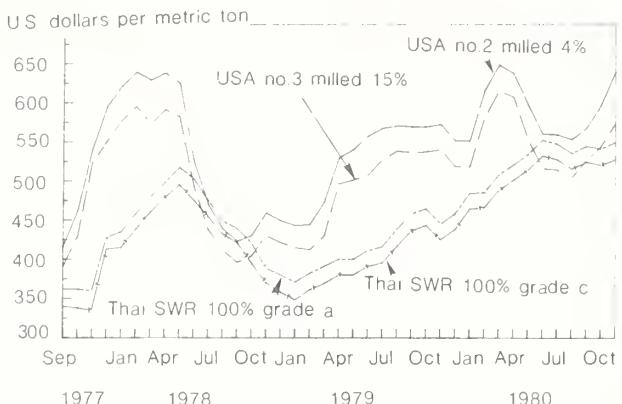
<sup>1</sup>Milled basis. <sup>2</sup>Calendar years. <sup>3</sup>Estimated. <sup>4</sup>Forecast.

late next year or early in 1982; Burma's marketing efforts early in 1981; and the extent to which Brazil makes purchases to stem domestic food price inflation. Other factors likely to influence 1981 trade levels are continued disturbances in the Middle East and any modifications in Nigerian import policy. On balance, world trade is currently forecast at a record 13.3 million tons. The increase of over 500,000 tons from levels expected during 1980 is mainly the result of significantly larger South Korean requirements and steady growth in several key Middle Eastern and African markets. With a third consecutive record crop, Indonesia—traditionally the world's largest rice importer—has scaled back import requirements by 25 percent from the 2.0 million tons forecast for 1980.

The currently anticipated level of world production would allow world rice consumption to increase about 5.8 million tons (milled basis) from the weather-induced stagnant level last year. Despite the increase, the world total would nevertheless remain below long-term trends and leave per capita world consumption about where it was in the previous year of record production (1978/79). Furthermore, this essential stagnation masks some noteworthy consumption trends in several key areas of the world. For the most part, the increases in per capita consumption the past several years have been the product of growth in selected higher-income countries in Africa and the Middle East that import the bulk of their requirements. Despite several good crops in India, per capita production this year remains about 3 percent below what it was 3 years ago and in Bangladesh—where an exceptionally large crop may force exports to alleviate storage problems and support domestic farm prices—the estimate of per capita consumption in 1980/81 is almost 9

### Rice Prices: C&F Rotterdam Quotation

For various U.S. and Thai qualities



percent below that in 1975/76. Per capita 1980/81 consumption in developing countries as a group remains about where it was 5 years ago.

The currently anticipated levels of world production and consumption would allow 1980/81 world carryover stocks to increase almost 3 million tons. Almost 50 percent of the world's stocks at the outset of the 1981/82 year are expected to be located in India and Japan. Major importing countries (notably Indonesia and Nigeria) are expected to boost carryover stocks substantially during the course of 1980/81. (Robert C. Tetro, 202-447-9160)

### Meals and Oils

#### World Oilseed Production Down in 1980/81

The 1980/81 production of protein meals (44 percent soybean meal equivalent) is forecast at 86.2 million metric tons, approximately 10 percent below the 1979/80 record. Fats and oils production is expected to drop about 3 percent from last year's record large volume. U.S. production has declined significantly, accounting for most of the drop in world production. U.S. soybean production is down 13 million tons, or 22 percent; peanuts are down about 40 percent; and sunflowerseed output has dropped over 40 percent. Southern Hemisphere production will expand moderately in 1981, because of a 2-percent expansion in Brazil's acreage and some increase in double-cropped acreage in Argentina. Soviet sunflower production is likely to fall 17 percent from last year's level, because of wet weather. Canadian rapeseed production is off more than one-fourth because of poor weather and a sharp decline in acreage. France's rapeseed crop has doubled, totaling more than 1 million tons. India's peanut crop is favorable, with 6.0 million tons expected. Oilseed stocks are large; therefore, total supply of protein

meals will drop less than 3 percent, while total oils and fats supplies may rise marginally.

### World Utilization Will Increase Slightly

World utilization of protein meals will increase slightly in 1980/81 but will be dampened by rising oilseeds prices, slower livestock expansion, and a sluggish economy. In the European Community, the expansion of livestock is expected to be less than 2 percent, with most of the increase in pork and poultry. Use of protein meal will be near the 1979/80 level. The price ratio of soymeal to corn in the EC-9 has risen during recent months, so grain will be substituted in livestock rations. However, declines in protein meal use may be partially offset by increased use of low-protein feedstuffs in the EC-9. Elsewhere in Western Europe, Spain will expand its crush of soybeans in 1980/81, with an increase in soybean imports and a sharp reduction in soymeal imports expected. Only a small expansion in soymeal use is likely in Japan because livestock expansion is slowing. Livestock-feeding margins have been sharply reduced in the Japanese market. Similarly, Taiwan is likely to slow growth in feed use of protein meals.

Soymeal use in the U.S. is estimated to decline sharply this year. This reduction of demand is primarily due to a cutback in pork production and a reduction in feed per animal.

Following the serious decline in Soviet sunflower production, the Soviet Union is a potentially strong import market for meal and oil in 1980/81.

World use of edible fats and oils is expected to rise slightly in most markets. Food use of vegetable oils is likely to be maintained at a 3.7-percent rate of growth. However, import requirements are lower. India's oil requirements are expected to maintain consumption close to 15 pounds per person. Smaller Indian soybean oil imports are expected because domestic oil production has expanded. The Soviet Union's vegetable oil use is expanding, and the USSR is now a net oil importer because of its reduced domestic production. A four-fold rise in Soviet soybean oil imports is expected for 1980/81.

### World Production of Protein Meals

|                              | 1978/79      | %<br>△ | 1979/80 <sup>1</sup> | %<br>△ | 1980/81 <sup>2</sup> | %<br>△ |
|------------------------------|--------------|--------|----------------------|--------|----------------------|--------|
|                              | Mil.<br>m.t. |        | Mil.<br>m.t.         |        | Mil.<br>m.t.         |        |
| High pro.<br>meals . . . .   | 83.3         | +6     | 96.1                 | +16    | 86.2                 | -10    |
| Total fats<br>& oils . . . . | 54.5         | +4     | 58.0                 | +8     | 56.1                 | -3     |
| Edible veg.<br>oils . . . .  | 37.1         | +7     | 40.8                 | +10    | 39.1                 | -4     |

<sup>1</sup> Preliminary. <sup>2</sup> Forecast.

World production, consumption, and stocks  
of Protein meals and edible vegetable oils

|  | 1978/79 | 1979/80<br>prel. | 1980/81<br>forecast |
|--|---------|------------------|---------------------|
| Million metric tons                                |         |                  |                     |
| Production protein<br>meals <sup>1</sup> . . . . . | 83.5    | 95.9             | 86.2                |
| Change in soymeal<br>stocks (mktg. yr.) . . .      | .1      | +6.5             | -3.7                |
| Apparent consumption. .                            | 83.6    | 89.4             | 89.9                |
| Production edible<br>vegetable oils . . . .        | 37.1    | 40.8             | 39.1                |
| Change soyoil<br>stocks (mktg. yr.) . . .          | .8      | +1.8             | -1.0                |
| Apparent consumption. .                            | 36.3    | 39.0             | 40.1                |

<sup>1</sup> 44% protein meal equivalent.

With supplies plentiful, oil prices may lag behind the increases in oilseeds and meal prices until the Southern Hemisphere crop prospects are apparent.

### Lower U.S. Exports Expected

The volume of U.S. exports of soybeans and meal in 1980/81 is expected to decline 6 and 17 percent, respectively. Higher prices will substantially raise the value of U.S. soybean exports. The United States will continue as a major world soybean exporter. Meal exports are likely to expand from Brazil, despite sharp increases in domestic use. Brazilian export policy continually changes to protect the domestic market so the level of U.S. exports may change with the Brazilian harvest next spring and with shifts in Brazil's export movement. The rapid growth in China's soybean imports during 1979/80 is unlikely to continue; import demand will be reduced because of higher prices and an increase of domestic production. Soviet import demand for soybeans is expected to rise and meal imports may almost double. Since domestic supplies of total feedstuffs are reduced, expanded protein meal imports could help ease the shortage.

On balance, world imports of soybeans and soybean products are likely to rise slightly despite cutbacks in U.S. exports. Soybean, meal, and oil exports from the U.S. are estimated at 22.5, 6.0, and 1.1 million tons, respectively.

### Peanut Supplies Tight

U.S. supplies of edible grade peanuts have declined close to 50 percent because the 1980/81 crop was damaged by aspergillus flavus mold. Exports, however, will probably decline only 15 to 20 percent. Historically, the United States is the major supplier of peanuts in the domestic market and also a steady supplier to the European market. Prices have risen sharply above the 1979/80 level because of sharply

### Selected Oilseed Crops

|                             | 1978/79      | %<br>△ | 1979/80 <sup>2</sup> | %<br>△ | 1980/81 <sup>3</sup> | %<br>△ |
|-----------------------------|--------------|--------|----------------------|--------|----------------------|--------|
|                             | Mil.<br>m.t. |        | Mil.<br>m.t.         |        | Mil.<br>m.t.         |        |
| <b>Northern Hemisphere</b>  |              |        |                      |        |                      |        |
| United States:              |              |        |                      |        |                      |        |
| Soybean . . .               | 50.9         | +6     | 61.7                 | +21    | 48.3                 | -22    |
| Sunflower . . .             | 1.8          | +38    | 3.5                  | +94    | 2.0                  | -43    |
| Peanut . . .                | 1.8          | +7     | 1.8                  | —      | 1.0                  | -42    |
| U.S.S.R.                    |              |        |                      |        |                      |        |
| Sunflower . . .             | 5.3          | -10    | 5.4                  | +2     | 4.5                  | -17    |
| Canada                      |              |        |                      |        |                      |        |
| rapeseed . . .              | 3.5          | +84    | 3.4                  | -3     | 2.5                  | -26    |
| India                       |              |        |                      |        |                      |        |
| peanuts. . .                | 6.4          | +5     | 5.8                  | -6     | 6.0                  | +4     |
| Senegal                     |              |        |                      |        |                      |        |
| peanuts. . .                | 1.1          | +57    | .6                   | -45    | .5                   | -17    |
| <b>Southern Hemisphere</b>  |              |        |                      |        |                      |        |
| Brazil                      |              |        |                      |        |                      |        |
| soybeans. . .               | 10.2         | 0      | 15.0                 | +47    | 15.2                 | +1     |
| Argentina                   |              |        |                      |        |                      |        |
| soybeans. . .               | 3.7          | +37    | 3.4                  | -8     | 3.9                  | +15    |
| W. Malaysia                 |              |        |                      |        |                      |        |
| palm oil <sup>1</sup> . . . | 1.9          | +19    | 2.0                  | +16    | 2.2                  | +10    |

<sup>1</sup> Continuous production. <sup>2</sup> Preliminary. <sup>3</sup> Forecast.

reduced supplies. The relief of the U.S. peanut shortage after the lifting of import restrictions may be minimal because of limited world availability. (Jan A. Lipson, 202-447-9160)

### Livestock and Poultry

Total meat production continued to increase in 1980 in the major producing regions. Beef and veal production had been declining for the past 3 years, but increases in pork and poultry output have offset the loss. Weak economic conditions in some countries, plus a cost-price squeeze resulting from higher feed prices and other costs, may hurt livestock and poultry operations this year. Less pork output is expected in 1981 but with more poultry and a possible increase in beef and veal, total meat production may increase somewhat.

### Downturn Seen for Pork Production

Pork production in the major producing regions has been increasing over the past 4 years, in 1980 reaching 35 million tons. Poor economic conditions along with the rapid increases in production have caused an oversupply of pork in some countries. Thus with increasing feed costs and poor producer returns this year, producers are cutting back breeding herds and pig crops, and pork output is expected to decline in 1981 in many major regions.

Pork production in 1980 in the United States is expected to increase 7 percent, to 7.5 million tons.

### Pork production

|                             | 1977   | 1978   | 1979 <sup>1</sup> | 1980 <sup>2</sup> |
|-----------------------------|--------|--------|-------------------|-------------------|
| <i>Thousand metric tons</i> |        |        |                   |                   |
| United States . . . . .     | 6,009  | 6,075  | 7,008             | 7,520             |
| Canada . . . . .            | 539    | 620    | 750               | 850               |
| Mexico . . . . .            | 410    | 425    | 430               | 490               |
| Germany, Fed. Rep. of.      | 2,483  | 2,618  | 2,688             | 2,728             |
| France . . . . .            | 1,535  | 1,609  | 1,686             | 1,705             |
| Netherlands . . . . .       | 914    | 993    | 1,065             | 1,116             |
| Total EC . . . . .          | 8,179  | 8,609  | 9,047             | 9,206             |
| Eastern Europe . . . . .    | 4,237  | 4,552  | 4,474             | 4,556             |
| USSR <sup>3</sup> . . . . . | 4,950  | 5,302  | 5,300             | 5,000             |
| Japan . . . . .             | 1,169  | 1,284  | 1,430             | 1,495             |
| Other . . . . .             | 4,947  | 5,121  | 5,468             | 5,790             |
| Total . . . . .             | 30,439 | 31,987 | 33,908            | 34,907            |

<sup>1</sup> Preliminary. <sup>2</sup> Forecast. <sup>3</sup> Includes fat.

Source: Foreign Agricultural Service.

However, output is expected to drop in 1981 by as much as 8 to 10 percent. Output in both Canada and Mexico is expected to drop in 1981, in contrast to years of continuous expansion.

Brazil is expected to continue its strong expansion in 1981. The EC saw increased pork production in 1980 in all countries except the United Kingdom and Ireland, and output in the EC is also expected to increase again in 1981 albeit marginally. Pork production in Japan is expected to follow the same pattern as in the United States and Canada, rising sharply in the first half of 1980, then declining below year-earlier levels by the end of 1980. Production in Japan should increase by 5 percent in 1980, and output is expected to be the same or slightly higher in 1981. Production in 1980 has suffered in Eastern Europe and the USSR because of their short 1979/80 grain and forage crops. Eastern Europe's pork output is expected to rise only marginally in 1981, and Soviet output could drop somewhat.

### Larger Beef Production Expected in 1981

Beef and veal production for 1980 is expected to continue the decline of the past three years, as most beef herds are in their expansion phase. A reversal is possible next year because the larger cattle numbers will make some expansion possible. However, depending on world prices of beef and the world economy some countries may continue to build herds and so reduce expected 1981 slaughter.

Production of beef and veal in the United States is expected to increase marginally in 1980 and may edge upward again in 1981. Beginning 1981 cattle inventories are expected to be up in the United States and Canada, which could increase production.

In Australia, severe drought this year delayed the expected increase in cattle numbers. Production of

beef and veal in the EC is expected to rise only a little in 1980 and may remain the same or decrease slightly in 1981. The USSR may see some decreases in production as it is attempting to maintain cattle inventories despite feed shortages.

### Poultry Output Continues to Increase

Poultry output continued upward in 1980 in most of the major producing regions but at a slower rate than in previous years. Increased supply and economic factors presently hurting the world pork economy are also affecting poultry. Despite sharply higher feed costs, the outlook for 1981 is for continued expansion.

Poultry production in the United States is expected to rise only 2 percent in 1980 because of the cost-

price squeeze in late 1979 and early this year and the unusual heat this summer. Output is expected to pick up next year, possibly increasing 6 percent. Production in the EC is expected to continue to expand in 1981 but only by a small amount. Output in the USSR is expected to increase in 1980 despite the feed shortage. In 1981, however, production levels will depend on the amounts of available feed and on how much emphasis the Soviets place on poultry production. (Linda M. Bailey, 202-447-9160)

### Dairy

#### World Milk Production to Increase

Total milk production in the major producing countries should reach 412 million metric tons in 1980, 0.8 percent higher than last year. For most regions, milk production per cow continues to rise, accounting for much of the total increase. Early indications suggest that production in 1981 will equal or slightly exceed year-earlier levels. Supplies are expected to continue to exceed demand for milk products, thus expanding stocks.

The USSR, the world's single largest milk producer, is expected to produce 90.5 million tons, down 3 percent, reflecting feed supply problems this year. Despite the feed shortage, the USSR has attempted to increase herd size, and although dairy cow numbers have reached record levels, milk production per cow continues to be below a year earlier.

In the EC, milk production is expected to increase by 2.5 percent to 113 million tons for 1980. France and Germany, which account for half of the EC's production, are expecting increases of around 4.5 and 3 percent, respectively. Efforts in the EC to reduce production because of oversupply include the conversion from dairy enterprises to beef production and the imposition of producer tax on milk deliveries. Despite the expected increase in the producer tax in 1981, milk output is expected to continue to rise because the milk target price still offers an equitable return on efficient dairy operations. U.S. milk production continues to rise, up 3 percent in 1980. Further production increases are expected in 1981. In Canada, milk output in 1980 is expected to increase 5 percent. Producers are responding to government encouragements to increase production after a period of short milk supply near the end of 1979 and the beginning of 1980. Output should continue to increase in 1981 but at a slower rate. Milk production in Australia will be down 5 percent because of a combination of severe drought and continued decline in cow numbers. The effects of the drought will be felt well into next year, slowing recovery. Milk production in New Zealand is up 7 percent. Summer pasture growth has been excellent

| Beef and veal production     |        |        |                   |                   |
|------------------------------|--------|--------|-------------------|-------------------|
|                              | 1977   | 1978   | 1979 <sup>1</sup> | 1980 <sup>2</sup> |
| Thousand metric tons         |        |        |                   |                   |
| United States . . . . .      | 11,845 | 11,283 | 9,925             | 9,951             |
| Canada . . . . .             | 1,143  | 1,060  | 946               | 935               |
| Mexico . . . . .             | 974    | 1,054  | 1,025             | 1,055             |
| Argentina . . . . .          | 2,914  | 3,193  | 3,092             | 2,856             |
| Brazil . . . . .             | 2,450  | 2,200  | 2,100             | 2,150             |
| France . . . . .             | 1,651  | 1,663  | 1,824             | 1,825             |
| Germany, Fed. Rep. of.       | 1,383  | 1,435  | 1,519             | 1,525             |
| Italy . . . . .              | 1,052  | 1,027  | 1,106             | 1,128             |
| Total EC . . . . .           | 6,368  | 6,406  | 6,811             | 6,842             |
| Eastern Europe . . . . .     | 2,007  | 2,025  | 2,067             | 2,088             |
| USSR . . . . .               | 6,888  | 7,086  | 7,000             | 6,800             |
| Australia . . . . .          | 2,149  | 2,134  | 1,768             | 1,507             |
| Other . . . . .              | 5,435  | 5,506  | 5,479             | 5,513             |
| Total <sup>3</sup> . . . . . | 42,173 | 41,947 | 40,213            | 39,696            |

<sup>1</sup> Preliminary. <sup>2</sup> Forecast. <sup>3</sup> Totals may not add due to rounding.

Source: Foreign Agricultural Service.

| Poultry production       |        |        |                   |                   |
|--------------------------|--------|--------|-------------------|-------------------|
|                          | 1977   | 1978   | 1979 <sup>1</sup> | 1980 <sup>2</sup> |
| Thousand metric tons     |        |        |                   |                   |
| United States . . . . .  | 5,535  | 5,880  | 6,507             | 6,604             |
| Canada . . . . .         | 461    | 484    | 535               | 515               |
| Mexico . . . . .         | 353    | 388    | 410               | 446               |
| Brazil . . . . .         | 698    | 858    | 1,096             | 1,277             |
| France . . . . .         | 902    | 963    | 1,034             | 1,093             |
| Total EC . . . . .       | 3,464  | 3,591  | 3,735             | 3,872             |
| Eastern Europe . . . . . | 1,625  | 1,930  | 2,058             | 2,157             |
| USSR . . . . .           | 1,691  | 1,902  | 2,000             | 2,100             |
| Japan . . . . .          | 923    | 1,027  | 1,109             | 1,157             |
| Other . . . . .          | 2,381  | 2,406  | 2,480             | 2,597             |
| Total . . . . .          | 18,033 | 19,429 | 20,964            | 21,818            |

<sup>1</sup> Preliminary. <sup>2</sup> Forecast.

Source: Foreign Agricultural Service.

there, making up for an earlier deficit in late hay and silage. As a result, during the next year, production is expected to increase another 4 percent.

Butter production in the major producing countries is expected to be 6.1 million tons in 1980, the same as last year. A small increase in production is expected in 1981. Consumption in 1980 is expected to drop about 3 percent, with a stock increase of about 8 percent. Consumption in 1981 is expected to increase less than production, further raising stock levels. Butter production in 1980 in the EC is expected to be up 2 percent, in Canada up about 5 percent, but in the USSR down about 5 percent.

Nonfat dry milk production is expected to increase 3.3 percent in the major milk-producing countries. EC and U.S. production is expected to be up, while decreases are expected in the USSR, New Zealand, and Australia.

Cheese production in the major producing countries continues to rise. In 1980, cheese production is expected to increase 3 percent, consumption 2 percent, and stocks 1 percent. As prices of competitive food items increase relative to cheese prices, demand for cheese is expected to increase further. (Linda M. Bailey, 202-447-9160)

## Sugar

### Sugar Output up Modestly

World sugar production in 1980/81 is forecast to increase modestly to about 87.1 million metric tons (raw value), up from an estimated 84.6 million in 1979/80. Production is expected to expand in Brazil to over 8 million tons, most of the expansion due to larger production area, despite the fact that alcohol output derived from the cane is also estimated to be up significantly. Further Brazilian sugarcane diversion to alcohol output is possible in an effort to ameliorate the effects of the oil cutoff from Iran and Iraq, although higher world sugar prices may cause a shift to greater sugar exports. Sugarcane output is expected to be up modestly in Australia and Mexico, to 3.3 and 2.9 million tons, respectively. Sugarcane output in India is expected to rise significantly to 6.9 million tons, although diversion of sugarcane to gur (brown sugar) may limit white refined sugar output. Total beet and cane sugar output in China may reach or exceed 2.8 million tons.

Sugar production in some major producing countries and regions will be down significantly in 1980/81. Sugar output in the USSR is estimated to be down at least 4 percent from last year's poor performance, to 7.0 million tons, the drop due to late planting and poor harvesting weather. Freezing and thawing have affected the beets left in the fields, reducing sugar content, and perhaps lowering the crop

even more. Output in Cuba is estimated to be down about 6.0 million tons, as recovery from last year's cane rust will be slow. Production in Western Europe and Africa is estimated to be down slightly, while output in Eastern Europe will be down over 15 percent because of weather problems, especially in Poland.

Global sugar consumption in 1980/81 is forecast to remain near last year's level of 90 million tons because of relatively high sugar prices and slow economic growth. World stocks may be drawn down about 3 million tons, to about 21 million, or 23-24 percent of consumption, the lowest since 1973/74.

Sugar prices are sharply higher this season. The world price exceeded 40 cents per pound in early November, before retreating to about 30 cents in early December. However, prices will likely strengthen during the next several months. Prices may ease later in 1981, depending on the size of the 1981/82 crop and the level of world consumption. (David B. Young, 202-447-7160)

## Coffee and Cocoa

### New International Cocoa Agreement Negotiated Amidst Continued Bearish Supply and Demand Outlook

World cocoa bean production during the 1980/81 (October/September) crop year is forecast at 1.63 million tons, up only slightly from the previous year's record of 1.61 million tons. A drop of over 3 percent in African production—reflecting less favorable growing conditions—is expected to be offset by record crops in Brazil and Malaysia. While increased supplies and lower prices are expected to increase world cocoa bean grindings in 1981, the level will remain well below production, contributing to the fourth annual build-up in world stocks. Demand for cocoa continues to be curtailed despite declining prices mainly as a result of the use of cocoa substitutes and extenders, high sugar prices, and a slower economic growth in consuming countries.

Prices (the average of the nearest 3 active futures trading months on the New York market) since October 1980 reflect this continued supply-demand imbalance. Prices dropped to 93.7 cents per pound in November from a February 1980 peak of \$1.42 and an annual average of \$1.44 in 1978 and \$1.53 in 1979. This generally bearish trend was temporarily interrupted in September and October by anticipation of the reestablishment of an international cocoa price stabilization agreement.

UNCTAD cocoa meetings were held in Geneva between late October and mid November and agreement was reached on the basic elements for a new international cocoa agreement (for background to

**World centrifugal sugar production by region and major countries<sup>1</sup>**

| Country and region                   | 1977/78 | 1978/79 | 1979/80 | 1980/81 <sup>2</sup> |
|--------------------------------------|---------|---------|---------|----------------------|
| 1,000 Metric tons                    |         |         |         |                      |
| North America . . . . .              | 19,221  | 19,741  | 17,695  | 17,934               |
| Canada . . . . .                     | 147     | 125     | 105     | 115                  |
| United States <sup>3</sup> . . . . . | 5,436   | 5,557   | 5,207   | 5,348                |
| Cuba . . . . .                       | 7,200   | 7,500   | 6,400   | 6,000                |
| Dominican Republic . . . . .         | 1,164   | 1,166   | 1,090   | 1,200                |
| Mexico . . . . .                     | 3,029   | 3,058   | 2,763   | 2,900                |
| Other North America. . . . .         | 2,245   | 2,335   | 2,130   | 2,371                |
| South America . . . . .              | 13,878  | 12,444  | 11,607  | 13,267               |
| Argentina . . . . .                  | 1,665   | 1,387   | 1,395   | 1,650                |
| Brazil. . . . .                      | 8,863   | 7,740   | 6,968   | 8,200                |
| Other South America. . . . .         | 3,350   | 3,317   | 3,244   | 3,417                |
| Western Europe . . . . .             | 14,599  | 14,572  | 14,798  | 14,544               |
| EC-9 . . . . .                       | 12,104  | 12,202  | 12,802  | 12,437               |
| Other Western Europe . . . . .       | 2,495   | 2,370   | 1,996   | 2,107                |
| Eastern Europe . . . . .             | 5,779   | 5,542   | 5,570   | 4,832                |
| USSR. . . . .                        | 8,825   | 9,300   | 7,800   | 7,000                |
| Africa . . . . .                     | 6,035   | 6,319   | 6,518   | 6,292                |
| South Africa Republic. . . . .       | 2,211   | 2,209   | 2,206   | 1,721                |
| Asia. . . . .                        | 20,434  | 19,726  | 17,099  | 19,447               |
| China, People's Republic. . . . .    | 2,450   | 2,675   | 2,765   | 2,800                |
| India . . . . .                      | 8,201   | 7,071   | 5,213   | 6,917                |
| Japan. . . . .                       | 630     | 693     | 744     | 765                  |
| Philippines. . . . .                 | 2,397   | 2,347   | 2,325   | 2,420                |
| Oceania. . . . .                     | 3,683   | 3,325   | 3,500   | 3,800                |
| Australia. . . . .                   | 3,322   | 2,978   | 3,027   | 3,300                |
| World Total . . . . .                | 92,454  | 90,969  | 84,587  | 87,116               |

<sup>1</sup> Crop years are on a September-August basis, but include the outturn of sugar from harvests of several Southern Hemisphere countries which begin prior to September. <sup>2</sup> Preliminary. <sup>3</sup> Includes Hawaii and Puerto Rico.

Source: Foreign Agricultural Service.

these meetings see previous WAS reports and FCB 3-80, November 1980). The agreement—which is the third in a series first begun in 1973—will attempt to stabilize world cocoa prices between \$1.10-\$1.50 per pound by means of stock acquisition and liquidation provisions.

It is arguable whether this third attempt at cocoa price stabilization may not have been stillborn, as neither the Ivory Coast nor the United States has accepted the agreement. Dissatisfaction with the level of support prices and questions over the new accord's economic and financial viability contributed to this lack of acceptance. (Robert C. Tetro, 202-447-9160)

### Coffee Stocks Build in Consuming Countries As Stocks in Producing Countries Reach Their Lowest Level in Twenty Years

World coffee production during 1980/81 is expected to show little change from the level achieved the previous year, with exportable supplies down roughly 400,000 bags (60 kilograms each) from 1979/80. Recent trends in world coffee production have been closely tied to Brazil's progress at returning to pre-

1975 frost levels of output as well as by fluctuations in such major producing countries as the Ivory Coast, Indonesia, Angola, Colombia, Mexico, Costa Rica and El Salvador. The essentially unchanged level of production currently forecast for 1980/81 results from improved production prospects in the Philippines, Nicaragua, Indonesia, Mexico, Uganda, and the Dominican Republic and offsetting declines anticipated in Brazil, Kenya, El Salvador, Peru, Cameroon and India. Reduced yields in Brazil stem from the May 30-June 1 freeze last year; while a combination of weather, disease and domestic unrest explains the reduction currently forecast for Kenya, El Salvador, and Peru.

Exportable supplies are expected to be up in Mexico, Costa Rica, the Dominican Republic, Nicaragua, Honduras, Ethiopia, the Ivory Coast, Uganda, and Indonesia; a contrast to declines in El Salvador, Brazil, Peru, Angola, Burundi, Cameroon, Rwanda, and India. Little if any changes are anticipated in Colombia, Ecuador, and Zaire.

Worldwide coffee stocks are not expected to change much during 1980/81 as continued stock-building in consuming countries is more than offset by opposite trends among producing countries. The

### World Coffee: Exportable Production<sup>1</sup>

| Country/Region              | Average<br>1970/71-<br>74/75 | 1978/79 | 1979/80 <sup>2</sup> | 1980/81 <sup>3</sup> |
|-----------------------------|------------------------------|---------|----------------------|----------------------|
| Mil. Bags (60 Kg)           |                              |         |                      |                      |
| North & South America . . . | 31.2                         | 38.6    | 38.2                 | 38.0                 |
| Mexico . . .                | 2.0                          | 2.9     | 2.4                  | 2.4                  |
| Guatemala . . .             | 1.9                          | 2.5     | 2.3                  | 2.3                  |
| El Salvador . . .           | 2.4                          | 3.0     | 2.3                  | 1.9                  |
| Brazil . . .                | 12.6                         | 12.0    | 14.0                 | 13.5                 |
| Colombia . . .              | 6.7                          | 11.0    | 10.6                 | 10.6                 |
| Africa . . . . .            | 18.7                         | 14.9    | 15.5                 | 15.3                 |
| Angola . . . .              | 3.4                          | .5      | .6                   | .3                   |
| Ethiopia . . . .            | 1.1                          | 1.3     | 1.1                  | 1.3                  |
| Ivory Coast . . . .         | 3.8                          | 4.6     | 3.9                  | 4.1                  |
| Uganda . . . .              | 3.2                          | 1.6     | 2.2                  | 2.5                  |
| Asia & Oceania . . .        | 3.1                          | 5.9     | 6.9                  | 6.9                  |
| India . . . . .             | 0.9                          | 1.1     | 1.5                  | 1.3                  |
| Indonesia . . . .           | 1.5                          | 3.8     | 4.2                  | 4.4                  |
| World Total . . .           | 53.0                         | 59.4    | 60.6                 | 60.2                 |

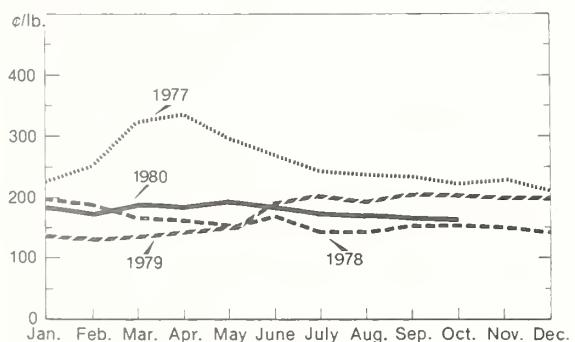
<sup>1</sup> Total harvested production less domestic consumption.

<sup>2</sup> Preliminary. <sup>3</sup> Forecast. Source: FAS/USDA.

latter's stocks are expected to be reduced to their lowest levels in more than twenty years. However, these trends would be significantly reversed if the expected 5-8 million bag increase in Brazilian production materializes during 1981/82.

Recent price trends have reflected the pressure of a comfortable supply situation. The International Coffee Organization's composite price (1976 Agreement basis) stood at \$1.16 in November, down 37 percent from \$1.82 per pound in May when prices firmed somewhat because of buying in anticipation of a freeze in Brazil and support buying by Pancafe (the trading arm of the eight-member Bogota group of Latin American coffee producers). Some brief price firmness has also occurred since September, reflecting prospects for a new International Coffee Agreement (ICA).

### Coffee Price \*



\*International Coffee Organization composite price

On October 3, coffee producers and consumers meeting in London approved a package of measures to support world prices through the introduction of export quotas. Declining prices have already triggered one reduction in the global export quota—the principal price support mechanism—and a second cut could be in the offing. These price trends have already called into question the new ICA's viability as a market stabilizing force—an aspect of the present agreement which could be further tested as some dissatisfied exporters seek to circumvent quota allocations. Some further downward pressures could result from Pancafe's efforts to liquidate its stocks in conformity with the new ICA. Price implications of the expected increase anticipated in Brazilian production next year have, for the most part, already been reflected in the market (For a more complete discussion of the new coffee agreement see FCOF 5-8, October, 1980). (Robert C. Tetro, 202-447-9160)

### Cotton

#### Cotton Production Drops

World cotton production in 1980/81 is forecast at 64.0 million bales, down about 2-1/2 percent from last season's record harvest of 65.6 million. U.S. production is estimated at 10.9 million bales, down 25 percent, because of the summer drought which cut yields sharply. Foreign output in 1980/81, however, is expected to increase to 53.0 million bales, up almost 4 percent, with a 2 percent increase in producing area. USSR production is estimated at 14.2 million bales, far surpassing last year's record of 13.1 million, due to excellent growing and harvesting conditions. Output in China is expected to increase over 8 percent to 11.0 million bales because of larger area and higher yields in North China offsetting weather problems in Central and East China.

World cotton consumption in 1980/81 is forecast to fall slightly below last season's 65.5 million bales. Slower world economic growth, static textile prices, and high cotton prices are depressing textile production and cotton use in the United States as well as

#### Cotton production and consumption

| Year                       | Production |         | Consumption |         |
|----------------------------|------------|---------|-------------|---------|
|                            | World      | Foreign | World       | Foreign |
| Mil. 480-lb. bales         |            |         |             |         |
| 1975/76 . . .              | 54.0       | 45.7    | 61.2        | 53.9    |
| 1976/77 . . .              | 57.4       | 46.8    | 60.9        | 54.2    |
| 1977/78 . . .              | 64.1       | 49.7    | 61.0        | 54.5    |
| 1978/79 . . .              | 60.2       | 49.3    | 62.9        | 56.5    |
| 1979/80 <sup>1</sup> . . . | 65.6       | 51.0    | 65.5        | 59.0    |
| 1980/81 <sup>2</sup> . . . | 64.0       | 53.0    | 65.3        | 59.3    |

<sup>1</sup> Estimated. <sup>2</sup> Forecast.

some major importing nations in Western Europe and East Asia. U.S. cotton use is estimated at 6 million bales, down about 8 percent. Consumption in Hong Kong and Japan also expected to fall. Increased use is expected in China as it continues to push textile production and exports, and Turkey because of improved economic conditions.

World exports in 1980/81 are expected to decline about 12 percent to 20 million bales because of higher production and smaller use in some major importing countries, and reduced U.S. exports. U.S. exports are estimated down over one-third to 5.5 million bales because of sharply limited U.S. export supplies and high prices. Exports will likely be higher from the USSR, Turkey, and Pakistan.

The Northern European outlook "A" Index price has declined slightly since September, when it averaged \$1.00 per pound. The price in October averaged 98.8 cents and in November 98.0 cents. Depressed world textile activity and lower global use have trimmed cotton prices, although they still remain significantly higher than last November.

World cotton production in 1981/82 will likely be higher if U.S. output increases with normal weather. Foreign yields, however, may not equal this year's level. World cotton use in 1981/82 will likely recover some with improvement in world economic growth. (David B. Young, 202-447-9160)

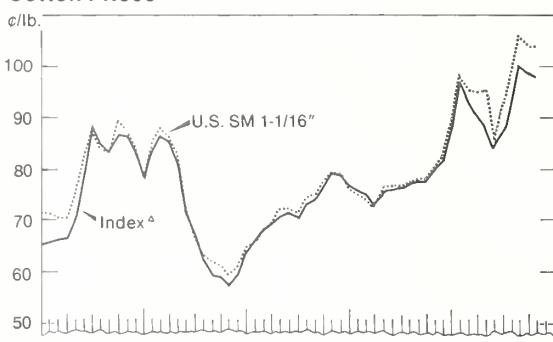
#### United States cotton exports by destination<sup>1</sup>

| Country                                  | Average |         |         |         |
|--|---------|---------|---------|---------|
|  | 1972-76 | 1977/78 | 1978/79 | 1979/80 |
| 1,000 running bales <sup>2</sup>         |         |         |         |         |
| Bangladesh . . . . .                     | 101     | 42      | 107     | 63      |
| Canada . . . . .                         | 202     | 214     | 214     | 263     |
| China, People's Republic . .             | 332     | 414     | 606     | 2,156   |
| China, Republic of<br>(Taiwan) . . . . . | 445     | 490     | 431     | 693     |
| European Community . .                   | (360)   | (312)   | (405)   | (611)   |
| France . . . . .                         | 71      | 80      | 61      | 88      |
| Germany, Federal<br>Republic . . . . .   | 75      | 65      | 92      | 195     |
| Italy . . . . .                          | 106     | 77      | 136     | 176     |
| United Kingdom . . . . .                 | 52      | 59      | 68      | 68      |
| Other . . . . .                          | 56      | 31      | 48      | 84      |
| Hong Kong . . . . .                      | 221     | 479     | 402     | 601     |
| India . . . . .                          | 55      | --      | --      | --      |
| Indonesia . . . . .                      | 144     | 223     | 225     | 283     |
| Japan . . . . .                          | 985     | 1,028   | 1,276   | 1,513   |
| Korea, South . . . . .                   | 746     | 1,172   | 1,209   | 1,412   |
| Philippines . . . . .                    | 122     | 98      | 116     | 138     |
| Poland . . . . .                         | 30      | 34      | 70      | 25      |
| Romania . . . . .                        | 44      | 32      | 50      | 120     |
| Spain . . . . .                          | 61      | 64      | 62      | 124     |
| Switzerland . . . . .                    | 66      | 105     | 86      | 111     |
| Thailand . . . . .                       | 148     | 161     | 229     | 246     |
| Other . . . . .                          | 386     | 351     | 362     | 420     |
| World . . . . .                          | 4,448   | 5,219   | 5,850   | 8,779   |

<sup>1</sup> Year beginning August 1. <sup>2</sup> Running bales weigh approximately 500 pounds.

Source: Foreign Agricultural Service.

#### Cotton Prices\*



\* CIF northern Europe  
^Outlook 'A' index of Liverpool cotton services. Average of 5 lowest priced of 10 selected growths

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## Tobacco

#### World Tobacco Use and Trade Sluggish In 1980 and 1981

World tobacco production in 1980 is estimated to increase over 4 percent to 5.63 million tons (farm weight), with increases in all major types of tobacco except flue-cured. Production area is expected to increase to about 4.2 million hectares, accounting for most of the increase since yields are expected to average near 1979's level. Among producers of unmanufactured tobacco, large gains are expected in the United States, the USSR, Canada, and South Korea, with moderate gains for Poland. Flue-cured and burley tobaccos are expected to be up sharply in the United States and South Korea, while oriental tobacco output is expected to recover in the USSR and Turkey. The U.S. crop is forecast up 17 percent from last season, with flue-cured output up 16 percent and burley up 25 percent. Flue-cured is expected to be up 5-percent in Malawi.

World tobacco consumption during 1980 is estimated to remain near 1979's level of 4.89 million tons due to slow economic growth, relatively high interest rates, and only a small increase in world cigarette production. Cigarette consumption per capita will probably continue to fall in the developed countries, reflecting health concerns, but consumption may increase in the developing nations because of income growth.

World stocks in 1980 may rise slightly to 6.17 million tons as production increases and use stays almost constant. World tobacco exports are expected to remain near or slightly below 1979's 1.40 million tons. U.S. tobacco exports in fiscal 1981 may decrease marginally in volume, but higher prices could maintain total value. Flue-cured exports are likely to decline, but export demand for burley is expected to be strong.

World tobacco area in 1981 is likely to decline, due to lower prices relative to other crops. Global production will of course depend on weather, but output in Zimbabwe and Malawi will likely decline. World con-

sumption in 1981 may remain near this year's level, depending on economic conditions. (David B. Young, 202-447-9160)

## REGIONAL AGRICULTURAL DEVELOPMENTS

### United States

#### Farm Income Declines in 1980, To Rise Next Year

Farm product prices are averaging slightly higher this year, however, production costs increased moderately, so net farm income will decline. In 1981, farm prices likely will run high enough to more than offset further increases in production costs.

Net farm income in 1980 is estimated at \$23 to \$25 billion, down from about \$31 billion last year. Crop prices are up about 7 percent this year, but livestock prices will average 2 percent lower, and the cost of production items will increase 11 percent.

The farm outlook is brighter for 1981. Both crop and livestock prices are expected to increase, boosting average farm prices about 15 percent. Higher crop prices reflect drought-reduced supplies in the United States and continued strong export demand for grains and oilseeds. Livestock price increases are in prospect because pork producers are sharply reducing output following financial losses in recent months. Smaller pork production will offset beef and broiler increases. Reduced meat production, coupled with an economic recovery, will lead to 15 to 20 percent higher livestock prices next year. With increases in farm prices more than offsetting the rises in production expenses, 1981 farm income is likely to range from \$27 to \$32 billion.

#### Retail Food Prices Rise 9 Percent in 1980

Retail food prices are averaging about 9 percent higher this year with the sharpest gains in beef, sugar, and dairy products. Last year, food prices rose 11 percent. Much of the 1980 increase came from higher marketing costs since prices of farm foods increased only moderately. Meat supplies were very large in the first half when the economy was declining. This tempered the rise in retail food prices early in the year. However, poor summer weather and the cost-price squeeze experienced by livestock producers resulted in a changing food supply picture in the second half. While food supplies continued adequate to abundant, pork output dropped below year earlier levels in the fall, broiler production was slightly smaller than it otherwise might have been, and the 1980 vegetable pack was sharply lower. The result

was that food prices rose at a faster rate in the second half.

Retail food prices will continue to rise at a faster rate early in 1981, with meats showing the sharpest gains. Increases will likely slow later in the year. For all of next year, retail food prices are expected to increase 10 to 15 percent. A large part of this rise will come from higher farm prices, although marketing costs are likely to rise again in 1981. (Don Seaborg, 202-447-8378)

### Canada

#### Crop Prospects Improve

Late summer rains considerably improved Canada's grain production in the prairie provinces. Wheat production for 1980 is currently estimated at 18.6 million tons, up more than 3.0 million tons from mid-summer estimates. Wheat exports, which set a record in 1979/80, are continuing to set records in 1980/81. Export sales are expected to taper off because of lower supplies of export-quality wheat.

Canada's total coarse grain production is estimated at 21.6 million tons, in line with the most recent five-year average. Low beginning stocks will continue to exert upward price pressure on feed grains.

#### Livestock Cycles Turn Around

The sharp year-to-year reduction in cattle numbers during the last several years has ended, and beef production in 1980 will about match last year's output. The 5-percent larger calf crop of 1980 will result in higher beef output during the last half of 1981. Currently, a lapse in inventory rebuilding is placing more heifers and cows on the market than anticipated. How long this continues depends on the direction of feed grain prices.

The long expansion in hog numbers appears to have peaked. Pork and broiler output in the fourth quarter are expected to decline slightly from year-earlier levels. Sows farrowing during the last half of 1980 were expected to decline by 1 percent, indicating lower pork production levels in the first half of 1981.

Exports of both beef and pork were up in 1980. Pork exports through September, up nearly 50 per-

cent from 1979, set a record. Imports of all red meat declined during 1980 resulting in net exports of both beef and pork. (Ron Trostle, 202-447-8378)

## Western Europe

### Record Grain Production

Improved weather during the late summer and the harvest season offset the adverse affects of a very wet and cold June and July, resulting in a bumper grain crop of 157 million tons in Western Europe in 1980/81. In the European Community (EC), the grain harvest of 117 million tons was nearly 5 million tons above that in 1979/80 and even outperformed the 1978/79 record of 116 million tons. The high level of grain output in the EC contributed to the decade-long uptrend. In the EC, wheat production advanced to a record of 51 million tons—nearly 90 percent of total Western Europe production—while coarse grain output in the Community, at 67 million tons, fell short of the 1967 record by about 1 million tons.

The high level of grain output in the EC has resulted in greater quantities going into both intervention and exports to third countries. EC wheat exports are forecast to hit a record 12.5 million tons in 1980/81, a 2.9 million ton hike over the 1979/80 record. Higher world grain prices have reduced the unit cost of export restitutions in the EC, thereby creating an incentive to boost wheat exports. High wheat output will continue to occur in the EC since France has agreed to export 500,000 to 700,000 tons of wheat to China for three years beginning in 1980/81.

Import levies on grains in the Community, although relatively low, are at high enough levels compared with export subsidies to cause a net flow of funds into the EC's Agricultural Fund.

Excessive rain produced an exceptionally large hay loss in Ireland. Hay is Ireland's most important home-grown cattle feed, and only about one-third to one-half of the crop was salvaged.

### Livestock/Feed Use

Relatively abundant grain supplies in Western Europe have also resulted in a greater supply being channeled into livestock feed. The expansion in the livestock sector has slowed in 1980, a development expected to continue in 1981. On a livestock unit basis, the 1981 increase is forecast at 1.5 to 2 percent. With an expected upsurge in the prices of imported oilmeals, the demand for domestic grain for feed is likely to remain brisk throughout 1980/81. Livestock producers, hard hit in recent years by high input costs, will be feeding domestic grains at rela-

tively higher levels. In the EC, a record 13.3 million tons of wheat is projected for feed use in 1980/81, up 1.3 million over 1979/80. Coarse grain feed utilization is expected to remain close to the 1979/80 level of 57 million tons in 1980/81.

Greater use of feed wheat has been demonstrated in several countries, notably the United Kingdom, displacing both barley and imported corn. Imported corn had entered the United Kingdom during much of 1980 at threshold price levels substantially above U.K. ex-farm wheat prices. In Northern Ireland, a major grain-deficit area of the United Kingdom, however, corn still accounts for a relatively high proportion of grain used in animal feed since its landed price in Belfast is competitive with barley (on an energy basis), and corn is in strong demand from the poultry industry. Nevertheless, EC use of corn for feed declined by approximately 500,000 tons in 1979/80 while consumption of feed wheat—a more suitable substitute for corn than barley—rose 313,000 tons.

### Recent Policy Developments

Following years of difficult negotiations, a new sheep meat regime was implemented by the EC on October 20, 1980. A major stumbling block which had prevented earlier ratification of a Common Agricultural Policy (CAP) for sheep meat was French fear that third country imports—primarily from New Zealand, a traditional supplier of lamb and mutton to the United Kingdom—would dilute prices on the continent. As a concession to France, deliveries of New Zealand meat to France will be at the present 3,000 ton level. The agreement further provides for licensing and monitoring systems to ensure that third country meat will not be transhipped to France as Community-produced lamb.

All major third country mutton and lamb suppliers to the EC—New Zealand, Australia, and Argentina—have agreed upon a “voluntary restraint agreement” in exchange for a reduction in the ad valorem import duty from 20 to 10 percent. Support systems under the new CAP allow for flexibility between member states. The United Kingdom, the EC's major producer of sheep meat, will apply a variable premium system of support (similar to that used in the United Kingdom for beef and veal) under which consumer prices stay relatively low while producer payments increase—the difference borne by the EC. France, the Community's second largest producer, will apply the traditional intervention system—the difference between the intervention, or buying-in price, and the reference price forms the basis for the annual premiums paid to producers. (Marshall Cohen, 202-447-8290).

## Australia

### Drought Reduces Crops

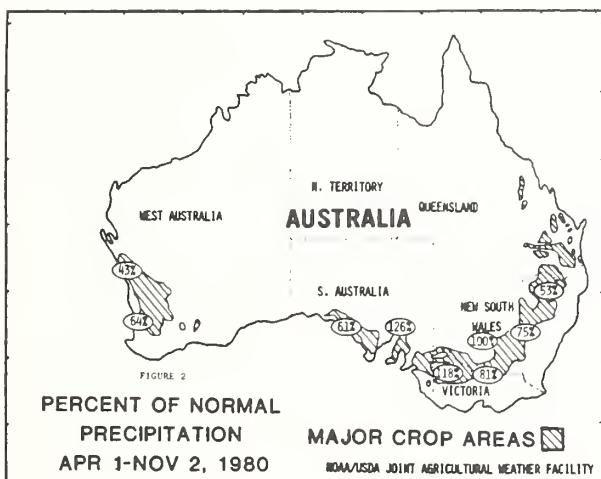
Net farm income during 1980/81 is expected to decline sharply from the record high of the previous year. Gross receipts may be slightly lower, with higher prices only partially offsetting drought-caused declines in production. However, farm costs are expected to be up a tenth, about in line with inflation.

Dry weather hit the major winter crop (wheat and barley) areas during a critical time in the growing season when moisture requirements were at their highest. The wheat crop, currently being harvested, is anticipated to be down about one-third from last year. The guaranteed minimum delivery price has been set at A\$131.92 per ton, 15 percent above last year. Barley and oat crops, the major feed grains, are also likely to be down substantially. However, grain sorghum and corn plantings are expected to increase because of rains during the latter part of October, and farmers with poor wheat crops have reworked their fields and sowed grain sorghum.

Wheat and coarse grain exports will be substantially reduced during the 1980/81 crop year. Long-term export commitments will be honored, but export supplies will be tight even with reductions in stocks.

### Beef Producing Declines

The drought also affected livestock and meat production. Cattle slaughter rates during the second and third calendar quarters were increased as farmers boosted marketings. An expansion in the beef herd will be delayed by forced sales caused by poor forage conditions. However, for the entire 1980 calendar year, beef production and exports will be below last year. During 1981, an additional decline in beef production, as well as total exports, is in prospect. Sheep



and lamb slaughter has been moderately above the previous year but the drought is expected to reduce the size of the lamb crop and next year's production. Milk production was down due to fewer dairy cows and poor forage conditions. Poultry production has been expanding as tight red meat supplies and higher domestic meat prices have improved the profit potential. (Allen O. Johnson, 202-447-8378)

## Japan

Cool weather through much of August was blamed for agricultural losses estimated at Y700 billion (\$3.3 million) or about 5 percent of gross agricultural income in Japan. About 50 percent of Japan's arable land was affected with more than two-thirds of the losses sustained by rice producers. The 1980 rice crop is estimated at 9.8 million tons (brown), about 1.4 million tons below the Government's 11.15 million ton production target. Since the production target reflects anticipated demand, 1.4 million tons will be taken out of surplus stocks to meet demand in the next year. The smaller rice and forage crops are likely to reduce the amount of surplus rice fed to livestock and increase Japanese imports of feed grains in 1980/81 and beyond.

Japanese exports in JFY 1980 (April 1980-March 1981) are limited to 420,000 tons of brown rice under an April 1980 agreement with the United States. However, exports in April-September amounted to about 250,000 tons and the total for JFY 1980 will be about 500,000 tons. If Japan is allowed under the emergency provisions of the agreement to export to South Korea, whose 1980 rice crop was severely damaged by cool weather, total exports in JFY 1980 could be substantially greater than 500,000 tons.

Growth in Japan's livestock production slowed considerably in 1980. With real incomes declining and savings rates increasing, consumers are spending less on luxury food items. Producers have been faced with stable product prices and rapidly rising feed prices.

Formula feed production in 1980 will probably change little from the 1979 output. The market for hay and roughage has also slumped with higher alfalfa prices and a slowdown in dairy feeding. Some recovery is apparent in the pork sector with sow and total swine inventories up in August over the February census levels. Rising hog prices since November 1979 have prompted farm and government officials to start the sale of subsidized intervention stocks through the first quarter of 1981. Growth in broiler and egg production slowed considerably in 1980 and will probably show little expansion through 1981. Imports of chicken and pork were down in 1980. The beef import quota for JFY 1980 is about the same as the previous year.

### Livestock and Feed Price Indices, Japan

| Year                | Price received<br>for Livestock<br>products | Prices paid<br>for feed | Ratio |
|---------------------|---|-------------------------|-------|
| 1975 = 100          |   |                         |       |
| 1976 . . . . .      | 103.4                                       | 102.9                   | 100.5 |
| 1977 . . . . .      | 102.9                                       | 100.9                   | 102.0 |
| 1978 . . . . .      | 100.5                                       | 87.8                    | 114.5 |
| 1979 . . . . .      | 104.0                                       | 88.7                    | 117.2 |
| 1979 July . . . . . | 105.5                                       | 92.2                    | 114.4 |
| Aug. . . . .        | 103.1                                       | 92.8                    | 111.1 |
| Sept. . . . .       | 106.7                                       | 93.0                    | 114.7 |
| Oct. . . . .        | 104.7                                       | 93.0                    | 112.6 |
| Nov. . . . .        | 107.6                                       | 93.1                    | 115.6 |
| Dec. . . . .        | 110.3                                       | 93.1                    | 118.5 |
| 1980 Jan. . . . .   | 104.4                                       | 102.4                   | 102.0 |
| Feb. . . . .        | 107.6                                       | 104.4                   | 103.1 |
| Mar. . . . .        | 111.8                                       | 105.0                   | 106.5 |
| April. . . . .      | 109.7                                       | 105.4                   | 104.1 |
| May . . . . .       | 107.3                                       | 105.6                   | 101.6 |
| June . . . . .      | 105.8                                       | 105.6                   | 100.2 |
| July . . . . .      | 107.9                                       | 105.7                   | 102.1 |

An agreement with the United States has liberalized Japanese imports of tobacco products. Duties on cigarettes, pipe tobacco, and cigars will be reduced substantially by April 1981. Japan's Tobacco and Salt Public Corporation has become symbolic along with Nippon Telegraph and Telephone's procurement policies of the closed nature of the Japanese market. High tariffs and restrictions on sales and advertising activities have limited cigarette imports to 1.5 percent of total consumption. Increased imports of tobacco products could limit growth in imports of leaf tobacco. (William T. Coyle, 202-447-8860)

## USSR

### Grain Production and the Sales Suspension

The current USDA estimate of the 1980 Soviet grain harvest is 185 million tons, compared to 1979's poor showing of 179 million tons. Generally this year's poor production was the result of unfavorable weather throughout the grain season, specifically:

- 1) a late spring that delayed spring seeding;
- 2) low temperatures and excessive moisture during the spring and early summer;
- 3) heavy rains in European USSR during the harvesting season which both delayed and shortened the harvesting of most crops, and
- 4) severe dryness in south eastern portions of European USSR which damaged late ripening crops.

The heavy rains throughout much of European USSR not only shortened the available time for harvesting, but also delayed the fall seeding of winter crops. The effects of such delays will not be known until next year but they will almost certainly reduce winter grain yields. Since winter grains are normally

the highest yielding, such losses cannot usually be made up with spring sowings.

The U.S. sales suspension, still in effect, restricts most U.S. agricultural exports to the Soviet Union beyond the 8 million tons of wheat and corn the United States is required to deliver in the last year (Oct.-Sept.) of the US-USSR Grains Agreement. The Soviets were quick to contract for the maximum amount, which is probably a good indication of the extend of their own needs and tight availabilities (especially for coarse grains) worldwide. Soviet supply/utilization data for grains are presented below. These data assume that the sales suspension would remain in effect for the duration of the 1980/81 marketing year. The projections reflect the poor grain crop of 1980 coming after an equally poor harvest in 1979. In the last marketing year, Soviet grain stocks were drawn down by an estimated near record 16 million tons; thus, stocks are probably too low to provide a cushion this year. Even if the Soviets manage to exceed last year's level of grain imports, feed use in the USSR will decline.

### Livestock Inventories Remain High

Fluctuations in grain production do not have much of an impact on grain utilized in industry, seed or for food purposes, but are felt keenly in the feed use category. Grain for feed is currently projected to be 114 million tons down 12 million from the previous year. Within the feed-livestock sector, it is expected that a decrease in feed quantities could lead to an increase in slaughtering rates. Hogs, the major consumers of feed grains, are expected to decline in number. Cattle on the other hand are mainly non-grain consumers and historically the Soviets have maintained herds even during times of low feed supplies. Since cattle inventories are difficult to build, there may be an attempt by farmers to maintain lighter-weight herds by rationing available feed supplies.

As of November 1, 1980, cattle, cow, and poultry numbers were at record levels. Hog numbers were up slightly, but sheep and goat numbers were down by 2 percent. Based on monthly changes in livestock numbers between October 1 and November 1, there was little diversion in inventory patterns normal for October. In the case of hogs, however, the drawdown in October was the smallest since October 1976, indicating some attempt to rebuild. Some privately owned livestock may have been sold to the socialized sector for slaughter. Total meat output during January-October 1980 in the socialized sector was down 3 percent from a year earlier. Based on current indications, it is estimated that total meat output in the USSR in 1980 will reach 15.1 million tons, down almost 3 percent from the 1979 level and about 4 percent below the 1980 planned level.

**Total USSR grain production use, and trade**

| Year<br>(July/June)            | Production | Trade   |         | Utilization        |      |                    | Stock               |
|--------------------------------|------------|---------|---------|--------------------|------|--------------------|---------------------|
|                                |            | Imports | Exports | Total <sup>1</sup> | Feed | Other <sup>2</sup> | Change <sup>3</sup> |
| <i>Million tons</i>            |            |         |         |                    |      |                    |                     |
| 1970/71 . . . . .              | 187        | 1.3     | 8.5     | 188                | 92   | 95                 | -8                  |
| 1971/72 . . . . .              | 181        | 8.3     | 6.9     | 181                | 93   | 88                 | +2                  |
| 1972/73 . . . . .              | 168        | 22.8    | 1.8     | 187                | 98   | 89                 | +2                  |
| 1973/74 . . . . .              | 223        | 11.3    | 6.1     | 214                | 105  | 108                | +14                 |
| 1974/75 . . . . .              | 196        | 5.7     | 5.3     | 206                | 107  | 99                 | -10                 |
| 1975/76 . . . . .              | 140        | 26.1    | 0.7     | 180                | 89   | 90                 | -14                 |
| 1976/77 . . . . .              | 224        | 11.0    | 3.3     | 221                | 112  | 108                | +11                 |
| 1977/78 . . . . .              | 196        | 19.1    | 2.3     | 228                | 122  | 106                | -16                 |
| 1978/79 . . . . .              | 237        | 15.6    | 2.8     | 231                | 125  | 106                | +19                 |
| 1979/80 <sup>4</sup> . . . . . | 179        | 31.0    | 0.8     | 225                | 126  | 99                 | -16                 |
| 1980/81 <sup>5</sup> . . . . . | 185        | 34.5    | 1.0     | 220                | 114  | 106                | -2                  |

<sup>1</sup>Totals may not add due to rounding. <sup>2</sup>Include manufacturing, seed, food and dockage-waste. <sup>3</sup>A negative quantity indicates a drawing down of stocks. <sup>4</sup>Estimates used for trade, utilization and stock change. <sup>5</sup>Projected.

### Sunflower, Sugarbeets, and Potato Crops Disappointing

Production of sunflowers, sugarbeets, and potatoes will be much below 1980 planned levels. Because of severe weather conditions, sunflower seed production is estimated at a low of 4.5 million tons, both the smallest crop and smallest yield in over 15 years. Of the 1.5 million hectares that remained unharvested on November 1, a large share will likely be cut for silage. Delayed sowing (upwards of 3 weeks), a very late harvest, and a generally cold, wet growing season have reduced sunflower yields and in all likelihood resulted in increased incidence of disease. This poor harvest is likely to lead to an increase in Soviet imports of vegetable oils as well as oilseeds and oilseed meal in the coming year.

Sugarbeet sowing was delayed and the harvesting start was the latest in more than 10 years. Although the pace of harvesting did pick up considerably in the latter stages, it will not be enough to offset the negative effects of late planting and poor weather. The USSR's sugarbeet crop may reach last year's level of 76 million tons. The sugar content of the beets is also estimated to be low, therefore Soviet sugar production is not expected to exceed last year's level of 7.3 million tons, and may fall considerably lower. The 1980 sugarbeet crop marks the second poor production year in a row for the Soviets. Considering the poor Cuban sugar cane crop, the Soviets are expected to import heavily from non-Cuban sources.

The potato crop, currently estimated at 75-80 million tons, is considerably lower than last year's production of 91 million tons and well below plan. This shortfall will add further pressure to Soviet food and feed availabilities.

### Cotton Crop Sets New Record

In sharp contrast to the other crops, the USSR had an excellent cotton crop due mainly to some expansion in area, exceptionally favorable weather, and sufficient irrigation water supplies. Sowing, ripening, and harvesting were far ahead of schedule the entire season. Cotton production reached a record 9.9 million tons in 1980, compared to the 9.16 million tons, harvested in 1979.

### Central Committee Plenum

Some changes in agricultural policy appear likely based on speeches made by Party officials presented at the recent October Plenum. Several statements underscored the significant impact that the agriculture sector, as a whole, has on the Soviet economy. A new policy may be in the making since both General Secretary Brezhnev and other senior Communist officials stressed the development of a "food program" during the 1981-85 planning period. This new program is intended to link the entire food production process from start to finish. Termed "agroindustrial" by Brezhnev, it will view planning and financing as a whole, and will include the development of agriculture, the processing of agricultural products, procurements, storage, and transportation. A second theme in Brezhnev's speech seemed to point to a decentralization of the decision making process in the agricultural sector, with some initiatives being taken at local levels. Whether this theme will result in a weakening of the planning or the target-oriented system or merely streamline the day-to-day functioning of the agriculture sector remains to be seen. To correct the continued poor performance in the delivery of mineral fertilizer to agriculture, the

Ministry of the Chemical Industry was divided into two new ministeries, one of which will administer the production of mineral fertilizers. In general these proposals are aimed at fundamental problems in the Soviet economy, and their solution will be required if the Soviets are to correct the chronic difficulties in supplying the cities and industrial centers with meat and other foodstuffs. (Jim Cole, 202-447-8380)

## Eastern Europe<sup>1</sup>

### Crop Harvests and Winter Grain Sowing

The 1979/80 grain harvest in Eastern Europe is estimated at 94 million tons, slightly below the 94.5 million estimate in October. Production of sunflowerseed, rapeseed and soybeans combined increased slightly to 3.7 million tons from the 1978/79 figure of 3.6 million tons.

Contrary to relatively good grain and oilseed crops, the 1980 potato and sugarbeet harvests were sharply lower. The potato crop is estimated at about one-third below the near-record 1979 crop (25 percent below the yearly average for 1974-78) and the sugarbeet harvest is estimated at roughly 15 percent below 1979. The lion's share of these declines is attributable to a disastrous year in Polish agriculture—the worst in a decade. Also, wet weather negatively affected both the size of sugar beets and their sugar content in Czechoslovakia, Poland, the GDR and Yugoslavia.

Late maturing summer crops delayed sowing of winter grains in 1980 in regions of the northern countries for up to 3 weeks. In Yugoslavia, only 60 percent of planned winter sowing was completed by mid-November. Wet weather forced a delay past the optimal sowing period. In Romania, dry weather and soil conditions hindered germination and hampered development. However, prospects for a satisfactory winter grain harvest in 1981 are still good, but heavily dependent on late fall weather.

### Livestock

Livestock and poultry numbers in Eastern Europe stagnated in 1980. A slow growth rate is in store for 1981. In Poland, the mediocre grain and disastrous potato harvests were such that livestock levels could not be sustained, and will decline further in 1981. Herd recovery in Poland is not expected before 1982 for swine and 1983 for cattle. In addition, higher

Livestock numbers in Eastern Europe, January 1<sup>1</sup>

| Year         | Cattle |      |  | Hogs | Poultry |
|--------------|--------|------|--|------|---------|
|              | Total  | Cows |  |      |         |
| Million head |        |      |  |      |         |
| 1977         | 37.7   | 17.1 |  | 63.7 | 425.3   |
| 1978         | 38.2   | 17.2 |  | 69.3 | 431.8   |
| 1979         | 38.6   | 17.3 |  | 70.3 | 448.7   |
| 1980         | 38.5   | 17.2 |  | 71.3 | 450.1   |
| 1981         | 38.3   | 17.2 |  | 72.0 | 455.0   |

<sup>1</sup>1981 data are forecast.

Source: East European Yearbooks, various issues.

1980 producer costs, lower returns to farmers (particularly in Poland and Hungary), feed import constraints, and small planned annual increases in regional agricultural output in 1981-85 (on average 2.5 to 4.5 percent) mitigate against any major increases in East European meat supplies in the near future. As a result of these constraints, 1981-85 planned increases in livestock numbers are expected to be low for all countries.

### Trade Forecast

Even with the relatively good grain harvest, grain imports are estimated at 16.4 million tons for the 1980/81 marketing year (July-June), down only slightly from the 16.9 million tons of the previous year. Imports of soybeans and soybean meal in 1980/81 will range from 825,000 to 850,000 tons and 3.6 million tons respectively—similar to 1979/80 figures. The United States will continue as the dominant supplier of these commodities to Eastern Europe.

In the face of rising world prices and continued gaps between domestic supply and utilization, Poland and Romania look to Commodity Credit Corporation credits as a method of maintaining high import levels of U.S. grains and oilseeds. Yet, since 1978, only Poland has received significantly increased credit allocations (\$670 million in fiscal 1981 versus \$485 million in fiscal 1978). An anticipated feed shortage in the spring will mean that Poland will likely seek further CCC credits in fiscal 1981. Romania has requested \$460 million in credits for fiscal 1981 to increase livestock production and a mediocre 1980 crop situation. The Romanian request is still under consideration. (Robert Cummings, 202-447-8380).

### People's Republic of China

The growth of China's overall agricultural production in 1980 slowed sharply following very large increases in 1978 and 1979. Lower grain production

<sup>1</sup>Northern countries - Czechoslovakia, the German Democratic Republic, and Poland; Southern countries - Bulgaria, Hungary, Romania, and Yugoslavia.

is responsible for most of the slowdown. Higher grain imports will be sufficient to prevent a decline in grain consumption in 1980/81. But availabilities of other agricultural products such as cotton and oilseeds will be higher. Expanded supplies of these products will come largely from increased 1980 domestic production; high prices and short world supplies may hold 1980/81 imports slightly below 1979/80 levels.

### Grain Production Down

USDA estimates China's total grain production in 1980 will decline about 8 million tons or 3 percent from the 1979 record. Preliminary Chinese assessments suggest that the decrease may exceed this amount; but in recent years, such assessments have tended to underestimate the size of the grain crop. Most of the decrease came from the reported 10 percent decline in the summer harvest, although some losses also occurred in fall harvested grains.

Production of wheat, the main component of the summer harvest, declined by 5.5 million tons to 55 million tons. Some of the decrease in winter wheat production was offset by increased spring wheat, accounting for about 12-15 percent of the wheat crop.

Total rice production is estimated at 138 million tons, 2.5 million tons less than in 1979. Double-cropped rice area declined for the second consecutive year; some additional area reduction apparently occurred in late rice, particularly in Central and East China where floods, extended wet, cloudy weather, and late ripening of early rice delayed its planting. Yields are also expected to decline somewhat because of the delay in late rice.

Current USDA estimates place coarse grain production about equal to 1979's 77.5 million tons. Although small decreases have occurred in coarse grains in East and Central China, the important fall harvest in North China is still uncertain.

The estimated increase in 1980 cotton production is now 860,000 bales, pushing total production to 11.0 million bales. Preliminary reports of substantial increases in production from major provinces in North China suggest increased cotton area and higher yields in the North more than offset the adverse effect of wet weather in East and Central China.

China's 1980 oilseed production will be up from large increases in sunflowerseed area and production and anticipated good soybean, peanut, and sesame harvests. Provincial information suggests production of rapeseed—largely a winter crop—declined about 2 percent from the 1979 record, to 2.35 million tons.

### Grain Imports Larger

On October 21, China and the United States signed a four-year grain trade agreement. It calls for private U.S. companies to export 6-9 million tons of wheat and corn each calendar year, beginning January 1, 1981. Of this amount, 15-20 percent is to be corn.

This agreement, together with China's other bilateral grain trade agreements, places China's likely total grain imports in the coming years at about 12-17 million tons. Within this total, there is still considerable room for annual variation. Under the agreement U.S. exports of wheat to China will be considerably above pre-1980 levels. But, U.S. corn exports to the PRC are not likely to expand greatly.

Because of shortfalls in availabilities from other suppliers, reduced 1980 grain production, and continuing growth of domestic demand, PRC grain imports in 1980/81 (July/June) also will increase substantially over 1979/80. USDA currently projects PRC total grain imports in this period at 14.5 million tons, about 65 percent of which is likely to be of U.S. origin. Of this total, imports of wheat in 1980/81 currently are estimated at 13 million tons and corn at 1.5 million tons.

Imports of cotton, soybeans, and soybean oil are likely to remain high in 1980/81 because of increasing domestic demand and continued shortages. Increases in 1980 domestic cotton, soybean, and oilseed production, likely tight world supplies, and higher prices, however, may hold PRC 1980/81 imports of these commodities below last year's levels.

China's imports of cotton in the 1980/81 marketing year (August/July) currently are projected at 3.0 million bales, 700,000 bales less than in 1979/80. Current estimates place PRC soybean imports in the 1980/81 marketing year (September/August) at 750,000 tons, 60,000 tons less than in 1979/80. Although decreased U.S. availabilities of these commodities may result in the United States taking a smaller share of these PRC markets in 1980/81, the United States will continue to be the major supplier of these products to the PRC. (Carolyn L. Whitton, 202-447-8676)

### Asia

#### Good Harvest Continues in South Asia

Major South Asian countries are experiencing a strong rebound from the drought-reduced harvests of 1979. The generally favorable monsoon in India will ensure a substantial recovery in crop production during 1980/81 following last year's drought. Sparse rainfall in some areas during September and early October has curbed earlier prospects that the 1980 kharif harvest would establish a new record. Current

production estimates for 1980/81 crops are: rice—54.0 million tons (up 28 percent over 1979/80), coarse grains—29.0 million tons (up 6 percent), peanuts—6.0 million tons (up 4 percent) and cotton—6.1 million bales (up 2 percent). Post-monsoon showers in northern India have enhanced prospects for the 1981 wheat and pulse crops now being sown.

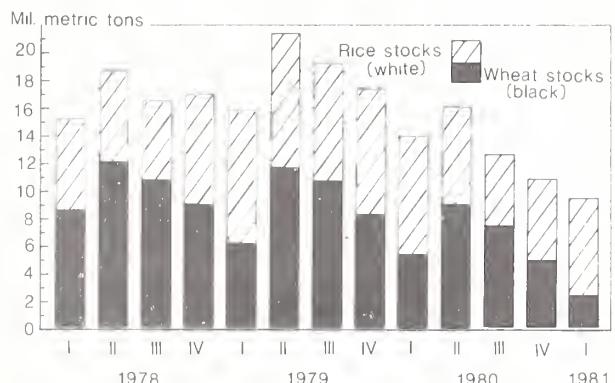
India's wheat supply situation remains tight and cutbacks in government wheat allocations for public distribution and food-for-work programs have been initiated to conserve stocks until the 1981 crop is available next April. While government officials continue to deny the need for wheat imports, estimates suggest that even with a politically hazardous 30 percent cutback in offtake, government wheat stocks will fall to about 2.5 million tons by April 1981—the lowest level since 1975. With record procurement anticipated for 1980/81, rice stocks remain comfortable and India is reportedly looking for export markets for coarse and basmati rice.

Sugarcane production during 1980/81 is expected to be 153.5 million tons, up 20 percent from 1979/80. India's sugar supply situation will remain tight during 1981 and additional sugar imports may be required if India is unsuccessful in fulfilling its export commitments under the ISA (International Sugar Agreement).

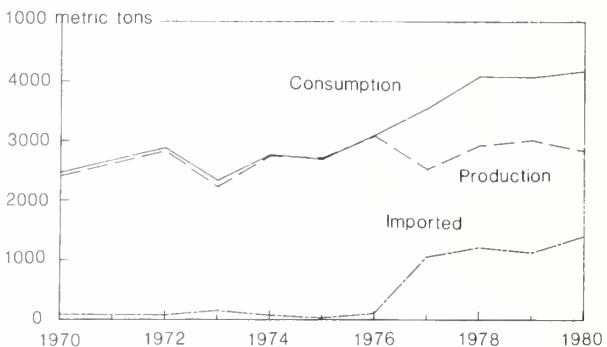
Larger 1980/81 oilseed harvests are expected to result in substantially higher domestic vegetable oil production during 1981. Vegetable oil imports of about 1.2 million tons are expected during 1981 compared to a record 1.4 million tons in 1980. HPS peanut exports during 1981 are projected at 50,000-100,000 tons—the highest since 1976. Potential aggravation of high domestic vegetable oil prices make higher levels of HPS exports unlikely.

Agricultural prospects in Bangladesh are the brightest since independence from Pakistan in 1971.

#### India: Government held Wheat and Rice Stocks by Calendar Quarter 1978-81



#### India: Supply and Distribution of Vegetable Oils 1970-1981



Note: 1980 and 1981 data are estimated

Combined output of rice and wheat of 15.8 million tons in 1980/81 is up 15 percent over 1979/80. For Bangladesh, this creates the possibility of rice exports of 200-400,000 tons this year and provides valuable breathing space for the nation to work on improving long term food security. It also assures nutritionally adequate food consumption levels for the first time since independence. With the bumper harvests, the government will be faced with unprecedented problems of inadequate storage capacity for 400-600,000 tons of rice and the need to develop rice markets (the docks are now stuffed with imports).

Good crop production in 1980/81 will likely result in a 30 percent reduction of food grain imports to 1.9 million tons—much of it committed before confirmation of a bumper crop. Food stocks as of December 31, 1980 are now projected at 1.6-1.8 million tons.

Pakistan's cotton harvest is in full swing and will be completed by the end of December. So far, there is no report of any pest or disease damage. If the harvest continues favorable, it may reach 750,000 tons. The large cotton outturn, tight world supplies, and higher world cotton prices will all contribute to a record Pakistan export level of about 1.25-1.35 million bales in the 1980/81 crop year, compared with 1.17 million exported the previous year. Good summer rainfall and increased fertilizer utilization should enable Pakistan to harvest a second straight bumper wheat crop next spring.

#### Korean Adversities Dominate East And Southeast Asia

South Korea's economic crisis has been aggravated by the worst grain harvest since 1962 and the failure of an expected economic turnaround in late 1980 to materialize. A real GNP decline of 5 percent is currently anticipated for 1980; this would mean the first negative annual growth in the economy as a whole since the Korean War. Inflation is expected to

be 30 percent and unemployment nearly 6 percent during 1980. The main bright spot has been the creditable growth in export value and slowed growth in imports. Joint government-industry efforts to expand textile exports by reducing costs may be unsuccessful due to the current tight world cotton supply situation and weak textile demand.

The rice harvest of 1980 may be the lowest since 1968, although final estimates have not yet been made. Cool, wet, cloudy weather during most of the summer and fall encouraged sterility and blight in the rice. Planting of the high-yield varieties declined again, and the government will reportedly relax its promotional efforts for these varieties during the next crop year. The rice failure followed the lowest barley harvest in more than 15 years, and farmers' incomes have been hard hit. Per capita production of food grains (rice, barley, wheat, and rye) was the lowest since World War II.

The livestock sector has begun to show signs of expansion, with swine numbers increasing again. This will lead to increased import of corn and soybeans in 1981. The food grain production setbacks will lead to larger imports of rice and to a lesser extent of wheat. These volume-increasing factors, combined with higher agricultural prices, indicate a probability of South Korea becoming a \$2 billion market for U.S. farm goods in 1981.

After a normal rainy season and flooding during October in Thailand, crop conditions for rice are described as very good as the country enters the main harvest, and 1980/81 production may reach a record level. The crop is currently estimated at 11.88 million tons, but may exceed 12 million tons if reservoir levels are adequate for the needs of the dry-season crop planted in early 1981. Rice exports in 1980 are currently estimated at 2.6 million tons, much higher than expected earlier in the year.

Thailand's 6 million-ton tapioca export limit to the EC has been revised downward for future years because of recent negotiations with the EC. Production probably will not allow exports to reach that level this year, but Thai farmers reportedly have expanded the cassava area significantly, raising the tapioca export availability for 1981.

Export prices for rice, corn, and tapioca remain at high levels, especially because of large Soviet and Iranian purchases. Sugar exports remain banned, and the domestic and export marketing outlook for 1981 is still very much in doubt due to government/industry disagreement and prospects for a poor sugarcane crop.

The Philippines is faced with continuing inflation, high energy costs, and another large trade deficit. The inflation rate will likely be 12-13 percent for 1980, relatively high but the lowest in three years. Major programs are underway to limit the country's financial strain and offset energy costs. The balance

of payments deficit for the first nine months of 1980 was reduced to \$200 million compared with \$568 million for the comparable period a year ago. Agricultural production is up with increased output of grains, sugarcane, and copra. Total exports were 27 percent higher through nine months, reducing the trade deficit to \$1.1 billion as imports expanded by only 14 percent. The economic plight of the Philippines will be helped by a \$200 million World Bank loan in late 1980 or early 1981, designed to assist the country in restructuring its industrial sector. (E. Wayne Denney, 202-447-8229)

## Africa and Middle East

### Sub-Saharan Africa

#### Relief Aid Conference Assesses Food Needs

On September 19th, the Director General of FAO convened a special meeting in Rome of interested donor countries and international organizations to assess the situation of 26 African countries now facing severe food shortages from a combination of natural and man-made disasters. The United States and ten other countries announced increased food aid. The U.S. representative indicated a planned shipment of 1.34 million tons of food worth \$425 million to African nations in fiscal 1981, about 370,000 tons under Title II emergency donations.

FAO indicated that some 550,000 tons of food was needed between September and the end of the 1980 season in the Sahel and the Horn of Africa in order to meet increasing food deficits and avert starvation in the coming "lean months".

#### Crop Prospects Deteriorate

Delayed and irregular rainfall patterns throughout the growing season adversely affected crop production in part of the Sahel. Senegal, Mauritania, the Gambia, western Mali, northern Upper Volta, and Cape Verde, all experienced an abnormally dry rainy season. Prospects are for well below average millet, sorghum, and rice production that will necessitate increased food relief shipments. Conditions devastated many livestock herds. Senegal's economy will further deteriorate, as reduced peanut production—estimated at 600,000 tons—limits earnings. In Niger, and the northern part of Nigeria and Cameroon, prospects are for good harvests. Most of the countries experienced a normal growing season with only local abnormalities accounting for changes in production levels. The migratory locust destruction threatened earlier in the season has not yet materialized, but remains a threat.

Economic conditions in most West African countries continue to deteriorate as inflationary pressures, the need to import increasing amounts of food for the ever growing urban populations, and rising world oil prices take their toll. World prices for coffee and cocoa, two principal export crops, have fallen. This has further hampered efforts to improve economic performances in most of the countries. The notable exception is Nigeria, where oil revenues continue to increase. Nigeria will import close to \$3 billion in food products this year, with \$350 million coming from the United States. U.S. exports of wheat, corn, and rice should continue to increase in 1981.

Drought and displaced persons, some from civil disturbances continue to plague almost the whole of eastern Africa. In the East Equatorial Province of Sudan, along the Uganda and Kenya borders and throughout the Horn of Africa overall conditions during October and November were unfavorable because rainfall was well below normal. Planting of Ethiopia's main cereal crop was delayed, and Somalia's harvest of its main season crops was poor in the north and is not expected to exceed the disappointing 1979 harvest elsewhere. With an estimated 900,000 refugees in camps and an equal number in towns or living as nomads, Somalia's food conditions continue to be a major problem. Kenya is now expected to have a smaller maize crop than previously thought due to persistent drought in the western part of the country. A shortfall is again expected and imports of corn, wheat, and rice will be necessary. Uganda's serious food situation continues in the Karamoja region where relief operations for some 350,000 people are still being hampered by security problems. In Tanzania, the 1980 coarse grain crops were cut by dry weather that mostly affected maize but also reduced the rice crop. Import requirements will be high. Preliminary reports are that domestic food crop purchases are down 30 percent from last year. Drought has also reduced cereal harvests in Zambia and Lesotho. In South Africa dry weather has cut the 1980 wheat crop to only about 75 percent of the 2.1 million tons produced in 1979. Other winter cereal crops are also reported below normal, but recent spring season rains have provided favorable planting conditions for the 1981 corn crop.

Sugar production in Mauritius is estimated at 475,000 tons in 1980, down 31 percent from 1979. The 1980 crop was severely affected by two disastrous cyclones, coupled with floods at the beginning of the year. In addition, the extraction rate was lower this year. Consequently, Mauritius will not be able to meet its 1980/81 sugar quota of 500,000 tons to be sold to the EC at the guaranteed floor prices. It also means that Mauritius will not have sugar available for sale to the world market and thus will not be able to benefit from the high world sugar prices.

## Middle East and North Africa

Soil moisture for planting the 1980/81 wheat and barley in northwestern Africa has been adequate except in western Algeria. Per capita wheat consumption in Algeria, Morocco, and Tunisia continues at such a high level that imports of about 4 million tons are required by these three countries even after an average harvest.

### Grain Production Up

In 1980, Iraq's total agricultural production was probably about a third higher than last year. Wheat production is estimated at 1.3 million tons, up 48 percent from 1979. Nevertheless, purchases of wheat from the United States, EC, and Canada could be considerable in coming months. Iraq may increase its purchases of U.S. corn and barley in the coming year. U.S. agricultural exports to Iraq for FY 1980 were \$266 million, compared with \$123 million in fiscal 1979.

Iran continues to import roughly 30 percent of its food needs. Wheat production in 1980 remained at 4.5 to 5 million tons, with imports at 1.5 million tons. The Iraq-Iran war may further exacerbate Iran's already troubled food situation, particularly since the food importing ports in the Northern Persian Gulf are inaccessible. Bandar Abbas, the principal southern port, is congested and estimated offloading time for ships is about one month. In addition, internal fuel shortages may further hamper food distribution from Bandar Abbas, which has no rail line north. Iran continues to suffer meat shortages. Its principal meat suppliers—New Zealand and Australia—curtailed shipments because of the recent fighting in the Persian Gulf, thus placing pressure on Iran's already tenuous meat supplies.

Turkey, which produced a record 13.8 million tons of wheat, is expected to export only about 700,000 tons due to internal policy problems. In the past, Turkey has exported as much as 2 million tons annually.

Syria's wheat and barley production is estimated at 3.5 million tons, double the 1979 production. After 5 years of disastrous grain crops, Jordan's wheat and barley harvests for 1980 were estimated at 200,000 tons, compared with 20,000 tons last year. Israel's wheat crop is estimated at 250,000 tons, double the 1979 output. Lebanon's production is also up.

### Mideast Food Imports Higher

Total agricultural imports from all sources by the Mideast and North Africa increased about 29 percent in 1980 to approximately \$23.5 billion. Saudi Arabia and Egypt were the two leading importers of agricultural products, followed by Iran, Algeria, and Iraq. Saudi Arabia's agricultural imports increased from

\$3 billion in 1979 to more than \$4 billion in 1980, while Egypt's rose from \$2.5 billion to over \$3.6 billion. Agricultural imports by Iran, Iraq, and Algeria were about \$2 billion each in 1980.

U.S. agricultural exports to the Mideast and North Africa increased 9.8 percent in fiscal 1980 to \$2.5 billion, despite the sharp reduction in shipments to Iran (down from \$490 million in fiscal 1979 to \$52 million in fiscal 1980). Strong gains in U.S. agricultural exports to Egypt, Iraq, and Algeria contributed to the increase for the region as a whole. U.S. agricultural exports to Egypt increased 30 percent in fiscal 1980 to a new peak of \$736 million, partly because of higher prices for wheat, corn, vegetable oils, and tobacco.

U.S. agricultural exports more than doubled in fiscal 1980 to a number of countries in the region, including Iraq, UAE, Qatar, Lebanon, Cyprus, Turkey, and Tunisia. The UAE and Iraq were much larger customers for U.S. rice. Lebanon purchased more U.S. corn and soybeans, while Tunisia increased imports of U.S. wheat and feed grains. (Michael E. Kurtzig, 202-447-8054).

## Latin America

### Agricultural Prospects Vary

Prospects for 1980 agricultural output in Latin America remain mixed. Current information indicates that farm production in the larger countries has improved the past few months. However, drought has deteriorated Argentina's wheat crop. The situation varies but has improved for most countries. Agricultural imports to the region continue to be sharply above year-ago figures.

Drought conditions in Argentina's wheat area during the past few months limited prospects for a record wheat harvest in 1980. Current estimates place the crop at near 7.8 million tons, and there are indications that the final number could be lower. Predictions of a bumper crop early in the year stimulated heavy advance export registrations. These two situations combined with an overall shortfall in world wheat production probably mean that Argentina will have to choose among supplying traditional markets, honoring current agreements, or maximizing short-run profits.

Early indications show some shift in fall planting from oilseeds to coarse grain and increased plantings of wheat because of the favorable price outlook. Favorable prices along with adequate credit availability should result in increased use of fertilizer and improved varieties. A value added tax of 10 percent on fresh and processed food products, to be applied as the items enter the end-consumer market, went into effect in October. At the same time, many other

taxes previously applied to farm products were removed. Producers see this as an important step in improving their profits.

Conditions in Brazil continued to improve during the past few months. Grain production in 1980 was larger, with the corn crop up 21 percent to a record 19.7 million tons. Rice production also set a record of 6.8 million tons (milled). Wheat output was about 2.3 million tons which will result in import needs for 1981 of between 4.5 and 5.0 million tons. With the uncertainty of Argentina's wheat supply and U.S. CCC credit guarantees for \$190 million (equal to about 1 million tons), U.S. wheat exports to Brazil in 1981 should do very well. Brazil's 1980 soybean production set a record at 15 million tons which contributed significantly to increased export earnings. Renewed interest in sugarcane is expanding rapidly as Brazil pushes its gasohol program. A coffee crop of 21.5 million bags was about identical to the previous year and prospects for 1981 are extremely good. The livestock sector continues to advance and there is a strong poultry boom. Broiler exports are expected to surpass beef shipments for the first time.

Frequent and steady rain throughout most of Mexico in late summer and early fall greatly improved prospects for the 1980 fall harvest of corn, sorghum, and barley. Total fall grain production is currently estimated at 16 million tons, up 13.4 percent from the previous year but still short of the 1978 crop. The rains have also benefitted Mexico's winter vegetables and citrus and improved water levels in reservoirs, but ample supplies of water for the 1981 spring-summer irrigated crops are still uncertain. Mexican soybean production was sharply lower and will necessitate large imports of oilseeds during 1981. Feed grain consumption is expected to remain strong during 1981 meaning large imports.

Venezuela is having a poor year agriculturally. Corn, sugar, cotton, and sesame production are all expected to be down from 1979. Shortages of fertilizer and improved seeds, and flooding in some of the main producing regions are the main reasons.

Peru's three-year drought continued throughout most of 1980 and farm production will again decline. There were some rains in the Sierra in the latter part of the year. Regardless of additional rainfall, sugar production in 1981 will again be down. Corn imports, mostly from the United States, will be up sharply from 1979 levels. Rice imports are expected to nearly double this year, with about 20 percent supplied by the United States. Wheat imports will be near 830,000 tons.

The outlook for 1980 Chilean agriculture continues favorable. Higher sugar prices encouraged farmers to increase planted area and should result in sharply higher production. Corn production is expected to recover from last year's low level and other grains are expected to show moderate increases. Consumer

demand for livestock and poultry remains strong. Wheat imports for 1980 are estimated at near 1 million tons while corn imports should be near 325,000 tons. The United States will be the main supplier of both.

Excessive rain, extremely low temperatures, and frost reduced forage supplies in Uruguay and will probably result in lower production of beef in 1980. In Paraguay, cotton plantings are up while soybean area will remain about the same as last year.

The agricultural picture in most of the Caribbean region remains mixed with only a few bright spots on the production side. Production in the Dominican Republic and Jamaica is estimated to be slightly above last year's level while output in Haiti is expected to be lower. In Central America, production is expected to be higher for most crops in most countries. In El Salvador, farm production is likely to be lower. (John E. Link 202-447-8133)

## WORLD FOOD AND TRADE POLICY DEVELOPMENTS

### Trade Agreements

#### Australia Contracts Wheat to USSR

The Australian Wheat Board and the Soviet Union contracted this summer for the delivery of 2 million tons of Australian wheat to the USSR between August 1980 and May 1981.

#### Guatemalan Meat Readmitted

Excessive levels of pesticide residue forced USDA to stop meat imports from Guatemala in August. Since then, Guatemala has placed beef export production under government control and strengthened its residue inspection and control program. Consequently, USDA has reapproved the meat imports; however, such shipments will be held at U.S. ports of entry until laboratory tests show the products meet U.S. standards.

#### Argentina-China Commodity Agreement Signed

In September, Argentina agreed to sell 1 to 1.5 million tons of wheat, corn, and soybeans annually to China during 1981 through 1984. The new agreement replaces one valid through 1981, in which Argentina had agreed to supply China 800,000 to 1 million tons of wheat and corn annually.

#### France Contracts Wheat to China

An agreement finalized in September authorizes the export of 500,000 to 700,000 tons of French wheat annually to China for the next 3 years, starting in 1980/81, subject to sufficient levels of EC subsidies. This agreement follows a similar one signed in February 1979 which allowed Chinese purchases of up to 500,000 tons annually of French wheat for the period 1979/80 through 1980/81. However, during 1979/80 France sold only 150,000 tons of wheat to China.

### U.S.-PRC Agreements Signed

On September 17, China and the United States concluded four agreements: (1) civil aviation, which provides for regularly scheduled direct flights between the two countries; (2) a consular convention, that spells out the duties of consular officers in providing services to citizens of both countries; (3) a maritime agreement, that opens each country's ports to the other country's ships; and (4) a textile agreement, which limits the volume of Chinese cotton, wool, and synthetic fiber products shipped to the United States from January 1, 1980 through 1982.

### U.S.-Brazil Agreement Negotiated

Effective October 1, Brazil's export tax on hides was reduced from 36 percent to 18 percent. In return, the United States agreed to continue to allow imports of leather goods from Brazil without additional restrictions. The agreement is effective for 1 year.

### ICA Finalized

Coffee producer and consumer members of the International Coffee Organization agreed to a new International Coffee Agreement (ICA) October 3. The new ICA will support world coffee prices through the use of export quotas for the year which began October 1, 1980. At world market prices below \$1.55 per pound, the quota will be adjusted according to specific price ranges. At prices beyond \$1.55 per pound, the quota will be suspended.

### U.S.-PRC Grain Agreement Concluded

On October 21, the United States, signed an agreement to provide for sales of 6 to 9 million tons of wheat and corn to China annually from January 1, 1981 through calendar 1984.

## **Japan's Tobacco Duties Lowered**

On November 21, Japan agreed to reduce tariffs on: imported cigarettes from 90 percent to 35 percent, cigars from 60 percent to 35 percent, and pipe tobacco from 110 percent to 60 percent. The Japanese will also increase domestic retailers' profit margins on the sales of foreign tobacco, increase the number of retailers selling imported tobacco products in 1981, and permit U.S. companies to advertise in the Japanese language. The U.S. tobacco industry estimates the concession may allow the U.S. share of the Japanese tobacco market to increase from 1 percent (\$35 million) to about 10 percent (\$350 million).

## **U.S.-Mexico Agreement Completed**

The United States agreed to supply Mexico at least 6 million tons of agricultural commodities in calendar year 1981. In the December 3 agreement, Mexico may purchase up to 3.0 million tons of sorghum, 2.25 million tons of corn, 1.0 million tons of soybeans, and 850,000 tons of U.S. wheat. Mexico became a \$2 billion U.S. market in 1980, exceeded only by Japan and the Netherlands.

## **U.S. Peanut Quota Raised**

Responding to a 42 percent decrease in the U.S. peanut crop which will cut domestic supplies 37 percent from last year's level, the Administration on December 5 took emergency action to allow an additional 200 million pounds of edible peanut imports above the 1.7-million-pound quota. In effect since 1953, the import quota was exceeded only in 1955 and 1956, also because of domestic shortages.

## **Trade Restrictions**

### **Belgium VAT on Margarine Increased**

Belgium recently joined France and Luxembourg in setting a higher value-added tax (VAT) on margarine than on butter. Belgium's boost in the VAT on margarine from 6 to 16 percent not only makes the domestic price of butter and olive oil relatively more attractive, it also opens the door to increasing the import duties on margarine to the same level since GATT limits the level of import taxes to the level of similar taxes on like domestic products. Soybean, sunflowerseed, and corn oil, which constitute over half the ingredients in Belgian margarine, are largely of U.S. origin. If this trend of tax discrimination against margarine grows in the EC, it could adversely affect the demand for U.S. vegetable oils in that market.

## **U.S. Tariffs on Mushrooms Raised**

President Carter issued a proclamation October 31 which increased U.S. tariffs on imported canned mushrooms for the next 3 years. The duty of 3.2 cents per pound will be maintained, but the additional 10 percent ad valorem was increased to 30 percent for the first year, 25 percent for the second year, and 20 percent for the third year. The action was in response to both the USITC (International Trade Commission) finding that increased imports had injured the domestic mushroom industry, and the Commission's recommendation of import quotas for 3 years as a remedy. The President also appointed a White House Task Force to help with technical and financial assistance as the industry adjusts to increased imports.

## **New Export Credit Program Launched**

Effective September 26, USDA began GSM-301, a new intermediate credit export program administered by the Commodity Credit Corporation. Authorized by the Trade Act of 1978, the new program can finance U.S. agricultural export sales for periods of 3 to 10 years. Local currency generated from the sale of the U.S. commodities in the importing country will be used to establish facilities to improve the handling, marketing, processing, storage, or distribution of imported commodities. The purpose of GSM-301 is to develop and expand foreign markets for U.S. agricultural commodities.

## **Agricultural Act of 1980 Passed**

On December 3, the President signed H.R. 3765, the Agricultural Act of 1980 into law. The new act:

Raises the minimum loan level for 1981 wheat, feed grain, and soybean crops to the current levels announced for these crops: wheat, \$110 per metric ton; corn, \$89 per ton; and soybeans, \$184 per ton; Changes the latest permissible date for announcing feed grain set-aside from November 15 to November 1; Requires increased wheat and feed grain loan levels for 1980 and 1981 crops placed in the farmer-held reserve, with minimum levels of \$94 per ton for corn and \$121 for wheat; Requires the Secretary of Agriculture to waive interest charges on the loans for 1980 and 1981 wheat and feed grain crops placed in the farmer-held reserve; Allows the Secretary to set wheat release and call prices at his discretion, as is currently the case with feed grains in the farmer-held reserve; Changes the minimum CCC sale price of grain stocks from 150 percent of the price support loan level to 5 percent above the call level (when the farmer-held reserve is in effect);

Authorizes the Secretary, in the event of commodity export restrictions, to announce a set-aside of the commodity for the 1981 crop whenever he deems it in the public interest; Authorizes the Secretary, in the event of export restrictions for national security or foreign policy reasons and the resulting threat of surplus supplies, to establish commodity reserves for the purpose of emergency food assistance and

gasohol feedstocks; Requires the President to establish a wheat reserve of up to 4 million metric tons for emergency humanitarian food needs in developing countries. The reserve may be replenished by transfer of CCC stocks or by Government purchases. Authority to replenish the reserve expires September 30, 1985. (Cecil W. Davison, 202-447-8143)

Table 1—World Available Supply<sup>1</sup>, Consumption and Balance of Fertilizer 1978/79 to 1984/85

|  | Reported | Forecast |         |         |         |         |         |
|--|----------|----------|---------|---------|---------|---------|---------|
|  |          | 1978/79  | 1979/80 | 1980/81 | 1981/82 | 1982/83 | 1983/84 |
| <i>Million metric tons nutrient</i>        |          |          |         |         |         |         |         |
| Nitrogen (N)                               |          |          |         |         |         |         |         |
| Available Supply <sup>2</sup> . . . . .    | 51.55    | 53.96    | 59.95   | 63.68   | 65.40   | 67.09   | 68.27   |
| Consumption . . . . .                      | 51.44    | 53.72    | 56.47   | 59.47   | 62.21   | 65.07   | 67.91   |
| Balance . . . . .                          | .11      | .24      | 3.48    | 4.21    | 3.19    | 2.02    | .36     |
| Phosphate (P <sub>2</sub> O <sub>5</sub> ) |          |          |         |         |         |         |         |
| Available Supply <sup>3</sup> . . . . .    | 30.75    | 32.46    | 34.08   | 36.13   | 38.19   | 39.71   | 40.43   |
| Consumption . . . . .                      | 30.51    | 31.43    | 33.37   | 35.12   | 36.89   | 38.52   | 39.94   |
| Balance . . . . .                          | .24      | 1.03     | .71     | 1.01    | 1.30    | 1.19    | .49     |
| Potash (K <sub>2</sub> O)                  |          |          |         |         |         |         |         |
| Available Supply . . . . .                 | 24.06    | 24.83    | 25.94   | 27.36   | 29.22   | 31.28   | 33.21   |
| Consumption . . . . .                      | 24.79    | 25.51    | 26.68   | 27.95   | 29.23   | 30.49   | 31.77   |
| Balance . . . . .                          | -.73     | -.68     | -.74    | -.59    | -.01    | .79     | 1.44    |

<sup>1</sup> Available supply is derived by adjusting rated plant capacities to reflect effective operating rates; then this potential supply capability is reduced to account for non-fertilizer uses, losses in processing and distribution, normal stock changes, and the time lag between production and consumption. <sup>2</sup> Ammonia only. <sup>3</sup> Phosphoric acid and phosphate fertilizers using other feedstocks only.

Source: Reported 1978/79 statistics appear in FAO Monthly Bulletin of Statistics, March, 1980. Forecasts for 1979/80 to 1984/85 were developed by FAO/UNIDO/World Bank Fertilizer Working Group, May, 1980.

Table 2—International Commodity Prices

|                |   | Wheat                       |                             | Corn                          |  |                                     |   |   |  |                                   |   |  |                                   |   |  |                                   |
|----------------|---|-----------------------------|-----------------------------|-------------------------------|--|-------------------------------------|---|---|--|-----------------------------------|---|--|-----------------------------------|---|--|-----------------------------------|
|                |   | U.S. No. 2,<br>Hard Winter, | U.S. No. 2,<br>Hard Winter, | U.S. No. 2,<br>Soft Effective | U.S. No. 2,<br>Hard Winter, 13.5 Percent | C. and F.<br>Protein :<br>Effective | U.S. Yellow<br>No. 2, F.O.B.<br>Vessel :<br>Ports Price | Import Levy<br>Netherlands :<br>Imports Price | U.S. Yellow<br>No. 3, C.I.F.<br>Rotterdam :<br>Netherlands | Effective<br>Import Price<br>Port | C. and F.<br>Japanese<br>Protein :<br>Effective | U.S. Yellow<br>No. 3, C.I.F.<br>Rotterdam :<br>Netherlands | Effective<br>Import Price<br>Port | C. and F.<br>Japanese<br>Protein :<br>Effective | U.S. Yellow<br>No. 3, C.I.F.<br>Rotterdam :<br>Netherlands | Effective<br>Import Price<br>Port |
|                |   | \$/MT.                      | FL/MT                       | FL/MT                         | FL/MT                                    | \$/MT.                              | FL/MT   | FL/MT   | FL/MT  | FL/MT                             | \$/MT.  | FL/MT  | FL/MT                             | FL/MT   | FL/MT  | Yen/MT                            |
| 1970           | : | 60                          | 231                         | 200                           | 431                                      | 24,256                              | 58  | 113   | 241  | 354                               | 23,986  |  |                                   |   |  |                                   |
| 1971           | : | 63                          | 230                         | 198                           | 428                                      | 23,221                              | 58  | 125   | 221  | 346                               | 25,811  |  |                                   |   |  |                                   |
| 1972           | : | 74                          | 233                         | 207                           | 441                                      | 22,187                              | 56  | 161   | 193  | 355                               | 19,627  |  |                                   |   |  |                                   |
| 1973           | : | 139                         | 423                         | 93                            | 516                                      | 44,981                              | 98  | 74  | 307  | 381                               | 25,611  |  |                                   |   |  |                                   |
| 1974           | : | 179                         | 538                         | 18                            | 556                                      | 66,610                              | 132   | 16  | 396  | 412                               | 43,250  |  |                                   |   |  |                                   |
| 1975           | : | 149                         | 395                         | 108                           | 503                                      | 49,770                              | 122   | 81  | 338  | 419                               | 44,607  |  |                                   |   |  |                                   |
| 1976           | : | 134                         | 374                         | 174                           | 548                                      | 43,328                              | 115   | 136   | 326  | 462                               | 38,892  |  |                                   |   |  |                                   |
| 1977           | : | 105                         | 276                         | 303                           | 579                                      | 31,087                              | 98  | 233   | 262  | 495                               | 31,900  |  |                                   |   |  |                                   |
| 1978           | : | 131                         | 309                         | 293                           | 602                                      | 29,225                              | 105   | 265   | 246  | 511                               | 24,342  |  |                                   |   |  |                                   |
| 1979           | : | 162                         | 371                         | 250                           | 621                                      | 40,029                              | 118   | 248   | 268  | 516                               | 28,636  |  |                                   |   |  |                                   |
| November 1979  | : | 179                         | 409                         | 213                           | 623                                      | 30,246                              | 121   | 232   | 278  | 510                               | 33,808  |  |                                   |   |  |                                   |
| December 1979  | : | 182                         | 385                         | 218                           | 603                                      | 51,128                              | 121   | 250   | 253  | 503                               | 34,494  |  |                                   |   |  |                                   |
| January 1980   | : | 179                         | 380                         | 221                           | 602                                      | 59,682                              | 103   | 272   | 246  | 518                               | 34,261  |  |                                   |   |  |                                   |
| February 1980  | : | 176                         | 385                         | 232                           | 617                                      | 58,984                              | 117   | 275   | 255  | 530                               | 34,681  |  |                                   |   |  |                                   |
| March 1980     | : | 168                         | NA                          | 229                           | NA                                       | 59,745                              | 117   | 253   | 270  | 523                               | 36,397  |  |                                   |   |  |                                   |
| April 1980     | : | 158                         | NA                          | 247                           | NA                                       | 59,059                              | 111   | 263   | 275  | 538                               | 37,266  |  |                                   |   |  |                                   |
| May 1980       | : | 163                         | NA                          | 248                           | NA                                       | ---                                 | 113   | 281   | 273  | 545                               | 35,522  |  |                                   |   |  |                                   |
| June 1980      | : | 159                         | 383                         | 269                           | 652                                      | 33,870                              | 114   | 277   | 269  | 546                               | 32,492  |  |                                   |   |  |                                   |
| July 1980      | : | 170                         | 387                         | 253                           | 640                                      | 52,719                              | 133   | 261   | 292  | 553                               | 32,078  |  |                                   |   |  |                                   |
| August 1980    | : | 175                         | 407                         | 217                           | 624                                      | 63,416                              | 145   | 201   | 328  | 529                               | 33,816  |  |                                   |   |  |                                   |
| September 1980 | : | 182                         | 416                         | 215                           | 631                                      | 70,252                              | 145   | 210   | 320  | 530                               | 33,827  |  |                                   |   |  |                                   |
| October 1980   | : | 192                         | 447                         | 203                           | 650                                      | ---                                 | 145   | 213   | 322  | 535                               | ---   |  |                                   |   |  |                                   |
| November 1980  | : | 199                         | 496                         | ---                           | ---                                      | ---                                 | 149   | 365   | 365  | ---                               | ---   |  |                                   |   |  |                                   |
| December 1980  | : |                             |                             |                               |  |                                     |   |   |  |                                   |   |  |                                   |   |  |                                   |

Continued--

Table 2—International Commodity Prices--Continued

| Years          | Soybeans    |              |                | Soybean oil |         |            | Rice         |             |             | Cotton       |         |         |
|----------------|-------------|--------------|----------------|-------------|---------|------------|--------------|-------------|-------------|--------------|---------|---------|
|                | U.S. No. 2, | U.S. No. 2,  | C. and F.      | Dutch       | U.S.    | Thailand   | U.S. Average | Price, Ten  | Price, Ten  | Arizona      |         |         |
|                | Yellow      | Bulk, C.I.F. | Japanese Ports | F.O.B.      | Export  | White      | Market, SLM  | Market, SLM | Market, SLM | C.I.F. Osaka |         |         |
| F.O.B.         |             |              |                | Decatur     | F.O.B.  | 5 Percent  |              | Raw,        | Raw,        | Strict       |         |         |
| Vessel         |             |              |                |             | Ex-Mill | Braken     |              | Export      | Export      | Middle       |         |         |
| Gulf Ports     |             |              |                |             |         | Houston    |              | F.O.B.      | Unit Value  | Spot         |         |         |
|                |             |              |                |             |         | Long Grain |              | Bangkok     |             |              |         |         |
|                |             |              |                |             |         |            |              |             |             |              |         |         |
|                | \$/M.T.     | FL/MT        | Yen/MT         |             | \$/M.T. |            | FL/MT        | \$/M.T.     | \$/M.T.     | \$/M.T.      | \$/M.T. | Yen/MT. |
| 1970           | 107         | 417          | 40,177         | 263         | 1,039   | 220        | 143          | 550         | 537         | 232,226      |         |         |
| 1971           | 119         | 449          | 45,745         | 278         | 1,068   | 223        | 129          | 623         | 600         | 257,591      |         |         |
| 1972           | 134         | 449          | 42,761         | 233         | 773     | 245        | 148          | 718         | 500         | 230,810      |         |         |
| 1973           | 273         | 812          | 56,642         | 437         | 1,219   | 481        | 275          | 745         | 1,194       | 333,584      |         |         |
| 1974           | 256         | 739          | 78,840         | 789         | 2,237   | 624        | 542          | 1,138       | 1,210       | 377,377      |         |         |
| 1975           | 210         | 556          | 83,507         | 559         | 1,423   | 669        | 363          | 1,138       | 985         | 340,972      |         |         |
| 1976           | 223         | 611          | 69,495         | 414         | 1,158   | 357        | 254          | 1,348       | 1,493       | 488,832      |         |         |
| 1977           | 271         | 688          | 81,302         | 524         | 1,421   | 374        | 272          | 1,504       | 1,333       | 391,855      |         |         |
| 1978           | 259         | 580          | 55,405         | 565         | 1,313   | 454        | 369          | 1,290       | 1,285       | 333,247      |         |         |
| 1979           | 269         | 595          | 66,230         | 610         | 1,328   | 446        | 334          | 1,439       | 1,362       | 361,705      |         |         |
| November 1979  | 259         | 75,208       | 613            | 1,321       | 488     | 364        | 1,483        | 1,398       | 1,398       | 407,567      |         |         |
| December 1979  | 249         | 524          | 73,247         | 578         | 1,237   | 465        | 378          | 1,515       | 1,515       | 411,206      |         |         |
| January 1980   | 248         | 505          | 69,644         | 520         | 1,159   | 445        | 395          | 1,517       | 1,596       | 445,747      |         |         |
| February 1980  | 250         | 522          | 71,140         | 521         | 1,175   | 489        | 398          | 1,496       | 1,768       | 485,377      |         |         |
| March 1980     | 240         | 532          | 71,972         | 479         | 1,176   | 547        | 415          | 1,481       | 1,747       | 488,824      |         |         |
| April 1980     | 227         | 517          | 72,012         | 445         | 1,129   | 529        | 418          | 1,495       | 1,743       | 486,297      |         |         |
| May 1980       | 234         | 513          | 66,781         | 457         | 1,105   | 507        | 433          | 1,496       | 1,726       | 436,511      |         |         |
| June 1980      | 233         | 501          | 59,811         | 475         | 1,104   | 463        | 442          | 1,557       | 1,596       | 380,785      |         |         |
| July 1980      | 264         | 568          | 58,386         | 575         | 1,207   | 463        | 442          | 1,540       | 1,442       | 409,394      |         |         |
| August 1980    | 294         | 601          | 61,560         | 571         | 1,238   | 463        | 442          | 1,695       | 1,886       | 454,416      |         |         |
| September 1980 | 313         | 653          | 64,247         | 573         | 1,197   | 463        | 442          | 1,676       | 1,929       | 456,939      |         |         |
| October 1980   | 312         | 668          | ---            | 540         | 1,193   | 463        | 442          | 1,756       | 1,991       | 439,530      |         |         |
| November 1980  | 342         | 775          | ---            | 579         | 1,360   | 540        | 463          | 1,919       | 1,919       | 448,524      |         |         |
| December 1980  | 342         | 775          | ---            | 579         | 1,360   | 540        | 463          | 1,919       | 1,919       | 448,524      |         |         |

Table 3—Total Cereals: World Production, Consumption, and net exports

| Region                            | 1969/70-1971/72 |             |             | 1978/79    |             |             | 1979/80    |             |             | 1980/81    |             |             |
|-----------------------------------|-----------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|
|                                   | Production      | Consumption | Net Exports | Production | Consumption | Net Exports | Production | Consumption | Net Exports | Production | Consumption | Net Exports |
| Million Metric Tons               |                 |             |             |            |             |             |            |             |             |            |             |             |
| Developed Countries . . . . .     | 404.0           | 377.5       | 31.6        | 515.6      | 415.4       | 90.2        | 530.1      | 421.7       | 114.6       | 501.7      | 418.2       | 122.6       |
| United States . . . . .           | 208.7           | 168.9       | 39.3        | 271.3      | 94.8        | 297.1       | 180.6      | 111.1       | 261.8       | 174.7      | 118.6       |             |
| Canada . . . . .                  | 34.4            | 22.1        | 14.9        | 41.4       | 22.7        | 16.2        | 35.8       | 24.3        | 19.3        | 40.8       | 23.8        | 18.4        |
| EC-9 . . . . .                    | 94.2            | 111.5       | -16.6       | 116.7      | 119.4       | -6.4        | 114.6      | 118.8       | -3.2        | 119.5      | 120.3       | .2          |
| Other Western Europe . . . . .    | 28.9            | 33.7        | -4.8        | 36.9       | 44.7        | -9.2        | 33.2       | 46.0        | -11.2       | 40.5       | 46.9        | -7.4        |
| South Africa . . . . .            | 10.1            | 7.1         | 2.5         | 10.5       | 9.2         | 2.5         | 13.7       | 9.5         | 4.2         | 11.8       | 9.4         | 3.0         |
| Japan . . . . .                   | 12.7            | 27.9        | -14.4       | 12.2       | 34.5        | -23.1       | 11.8       | 35.6        | -23.7       | 9.9        | 36.2        | -23.9       |
| Oceania . . . . .                 | 15.0            | 6.3         | 10.7        | 26.6       | 6.6         | 15.4        | 23.9       | 6.9         | 18.1        | 17.4       | 6.9         | 13.7        |
| Centrally Planned Countries . . . | 408.7           | 423.4       | -6.0        | 547.6      | 564.3       | -35.2       | 497.6      | 567.5       | -53.5       | 498.0      | 560.7       | 60.3        |
| Eastern Europe . . . . .          | 75.1            | 82.7        | -7.3        | 96.4       | 108.7       | -11.8       | 91.2       | 104.9       | -13.3       | 95.1       | 108.8       | -13.2       |
| USSR . . . . .                    | 167.4           | 171.8       | -4.0        | 227.5      | 221.7       | -13.2       | 172.9      | 219.3       | -30.4       | 176.6      | 212.1       | -33.6       |
| People's Republic of China . . .  | 166.2           | 168.9       | -2.7        | 223.7      | 233.9       | -10.2       | 233.5      | 243.3       | -9.8        | 226.3      | 239.8       | -13.5       |
| Developing Countries . . . . .    | 316.5           | 335.1       | -19.6       | 390.2      | 432.4       | -41.3       | 372.0      | 434.5       | -56.4       | 401.5      | 453.8       | -55.0       |
| Middle America . . . . .          | 16.1            | 17.3        | -1.0        | 20.5       | 25.7        | -4.9        | 18.0       | 26.9        | -9.3        | 20.3       | 28.7        | -8.9        |
| Venezuela . . . . .               | 8.8             | 1.8         | -9          | 15         | 34          | -1.9        | 1.4        | 3.4         | -2.0        | 1.9        | 3.7         | -1.8        |
| Brazil . . . . .                  | 20.4            | 22.0        | -8          | 24.5       | 30.3        | -6.2        | 29.6       | 34.4        | -6.3        | 29.5       | 36.4        | -6.7        |
| Argentina . . . . .               | 19.4            | 11.1        | 8.5         | 25.6       | 11.8        | 14.2        | 18.9       | 9.8         | 9.9         | 25.3       | 11.5        | 13.9        |
| Other South America . . . . .     | 6.8             | 8.9         | -2.0        | 7.5        | 11.1        | -3.2        | 8.4        | 11.5        | -3.5        | 7.7        | 11.9        | -4.1        |
| North Africa/Middle East . . .    | 41.1            | 49.4        | -8.5        | 51.0       | 71.1        | -18.7       | 49.9       | 72.6        | -23.3       | 54.0       | 76.5        | -23.5       |
| Central Africa . . . . .          | 21.5            | 23.3        | -1.8        | 22.2       | 26.2        | -4.6        | 21.5       | 26.5        | -4.9        | 22.2       | 27.2        | -5.1        |
| East Africa . . . . .             | 11.3            | 10.8        | -1.2        | 12.0       | 12.8        | -.5         | 10.5       | 12.1        | -1.1        | 11.5       | 12.8        | -1.5        |
| South Asia . . . . .              | 119.1           | 123.5       | -3.8        | 150.9      | 153.4       | -2.3        | 139.6      | 148.6       | -2.0        | 153.0      | 154.2       | -1.3        |
| Southeast Asia . . . . .          | 25.4            | 23.7        | 1.9         | 29.0       | 24.7        | 3.8         | 28.2       | 25.6        | 3.2         | 31.3       | 26.5        | 4.0         |
| East Asia . . . . .               | 30.3            | 37.3        | -8.0        | 39.5       | 54.1        | -15.2       | 40.0       | 55.1        | -15.1       | 38.8       | 56.3        | -17.8       |
| Rest of World . . . . .           | 4.3             | 6.0         | -1.7        | 6.0        | 7.8         | -1.8        | 6.0        | 8.0         | -2.0        | 6.0        | 8.1         | -2.2        |
| World Total . . . . .             | 1,129.2         | 1,136.0     |             | 1,453.4    | 1,412.1     |             | 1,399.7    | 1,423.7     |             | 1,401.2    | 1,432.7     |             |

Table 4—Coarse Grains: World Production, Consumption, and Net Exports

| Region                                 | 1969/70-1971/72 |             |             | 1978/79    |             |             | 1979/80    |             |             | 1980/81    |             |             |
|--|-----------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|
|  | Production      | Consumption | Net Exports | Production | Consumption | Net Exports | Production | Consumption | Net Exports | Production | Consumption | Net Exports |
| Million Metric Tons                    |                 |             |             |            |             |             |            |             |             |            |             |             |
| Developed Countries . . . . .          | 276.4           | 275.4       | 1.0         | 349.4      | 310.8       | 32.5        | 362.7      | 317.2       | 45.2        | 325.9      | 311.4       | 46.2        |
| United States . . . . .                | 165.8           | 145.7       | 20.2        | 218.1      | 153.3       | 59.9        | 234.5      | 157.3       | 71.1        | 192.7      | 150.2       | 74.1        |
| Canada . . . . .                       | 20.5            | 17.4        | 3.2         | 20.3       | 17.3        | 3.2         | 18.6       | 18.6        | 3.6         | 21.6       | 18.2        | 3.0         |
| EC-9 . . . . .                         | 56.7            | 69.9        | -13.0       | 68.5       | 77.5        | -10.0       | 67.3       | 76.4        | -8.8        | 67.5       | 76.8        | -8.6        |
| Other Western Europe . . . . .         | 18.6            | 22.4        | -4.0        | 25.6       | 33.7        | -8.5        | 23.4       | 34.8        | -10.1       | 27.6       | 35.6        | -8.7        |
| South Africa . . . . .                 | 8.7             | 5.7         | 2.6         | 8.8        | 7.2         | 2.5         | 11.5       | 7.4         | 4.2         | 10.2       | 7.4         | 3.3         |
| Japan . . . . .                        | .7              | 11.1        | -10.3       | .4         | 18.2        | -17.9       | .4         | 19.3        | -18.9       | .4         | 19.6        | -19.2       |
| Oceania . . . . .                      | 5.4             | 3.2         | 2.3         | 7.7        | 3.6         | 3.3         | 7.0        | 3.4         | 4.1         | 5.9        | 3.6         | 2.3         |
| Centrally Planned Countries . . . . .  | 185.0           | 189.3       | -3.7        | 242.2      | 263.0       | -21.3       | 222.1      | 253.6       | -29.8       | 222.6      | 251.9       | -28.7       |
| Eastern Europe . . . . .               | 48.6            | 51.9        | -3.1        | 60.4       | 70.2        | -9.3        | 63.4       | 72.6        | -9.4        | 60.1       | 69.9        | -9.2        |
| USSR . . . . .                         | 73.8            | 74.7        | -.5         | 105.3      | 113.2       | -8.9        | 81.2       | 101.6       | -18.5       | 85.0       | 103.0       | -18.0       |
| People's Republic of China . . . . .   | 62.6            | 62.7        | -.1         | 76.5       | 79.6        | -3.1        | 77.5       | 79.4        | -1.9        | 77.5       | 79.0        | -1.5        |
| Developing Countries . . . . .         | 133.1           | 127.4       | 6.3         | 155.3      | 163.5       | -7.0        | 144.2      | 161.5       | -17.3       | 157.5      | 170.5       | -12.7       |
| Middle America . . . . .               | 13.4            | 13.6        | -.1         | 17.1       | 20.2        | -2.7        | 14.8       | 21.2        | -7.1        | 16.8       | 22.6        | -6.2        |
| Venezuela . . . . .                    | .7              | .9          | -.3         | 1.2        | 2.3         | -.1         | .9         | 2.1         | -1.2        | 1.6        | 2.5         | -.9         |
| Brazil . . . . .                       | 14.6            | 14.4        | .9          | 16.6       | 18.1        | -1.6        | 20.1       | 21.2        | -1.8        | 20.5       | 22.4        | -1.6        |
| Argentina . . . . .                    | 6.5             | 6.5         | 6.8         | 17.3       | 7.6         | 10.0        | 10.8       | 5.7         | 5.2         | 17.3       | 10.0        | 5.3         |
| Other South America . . . . .          | 3.4             | 3.8         | -.4         | 3.9        | 4.8         | -.7         | 4.3        | 4.9         | -.7         | 3.9        | 5.2         | -.1         |
| North Africa and Middle East . . . . . | 17.7            | 18.9        | -1.0        | 20.6       | 25.2        | -4.8        | 20.6       | 25.6        | -5.3        | 22.4       | 27.4        | -5.0        |
| Central Africa . . . . .               | 19.0            | 19.1        | .1          | 19.7       | 20.0        | -.5         | 19.0       | 19.5        | -.6         | 19.5       | 20.2        | -.7         |
| East Africa . . . . .                  | 9.6             | 8.8         | .5          | 10.2       | 10.3        | .2          | 8.6        | 9.4         | -.4         | 9.4        | 9.9         | -.7         |
| South Asia . . . . .                   | 30.9            | 31.0        | -.1         | 34.2       | 35.2        | 0           | 30.8       | 32.2        | 0           | 32.5       | 32.4        | 0           |
| Southeast Asia . . . . .               | 2.3             | 1.8         | .6          | 3.8        | 1.7         | 2.1         | 4.1        | 1.8         | 2.0         | 4.1        | 1.9         | 2.2         |
| East Asia . . . . .                    | 6.4             | 7.8         | -1.5        | 8.8        | 16.0        | 7.7         | 8.3        | 15.5        | -7.0        | 7.6        | 16.3        | -8.0        |
| Rest of World . . . . .                | 1.8             | 2.0         | -.2         | 1.9        | 2.1         | -.2         | 1.9        | 2.4         | -.4         | 1.9        | 2.4         | -.5         |
| World Total . . . . .                  | 594.5           | 592.1       |             | 746.9      | 737.3       |             | 729.0      | 732.3       |             | 706.0      | 733.8       |             |

Table 5—Wheat: World Production, Consumption, and Net Exports

| Region                                | 1967/70-1971/72 |             |             | 1978/79    |             |             | 1979/80    |             |             | 1980/81    |             |             |
|---------------------------------------|-----------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|
|                                       | Production      | Consumption | Net Exports | Production | Consumption | Net Exports | Production | Consumption | Net Exports | Production | Consumption | Net Exports |
| Million Metric Tons                   |                 |             |             |            |             |             |            |             |             |            |             |             |
| Developed Countries . . . . .         | 112.1           | 87.8        | 28.3        | 149.0      | 91.0        | 55.1        | 150.3      | 90.9        | 65.8        | 160.4      | 93.1        | 72.9        |
| United States . . . . .               | 40.0            | 21.9        | 17.4        | 48.9       | 23.3        | 32.5        | 58.3       | 21.5        | 37.4        | 64.3       | 22.7        | 41.5        |
| Canada . . . . .                      | 13.9            | 4.7         | 11.7        | 21.1       | 5.3         | 13.1        | 17.2       | 5.7         | 15.8        | 19.1       | 5.5         | 15.5        |
| EC-9 . . . . .                        | 36.9            | 40.9        | -3.5        | 47.6       | 41.0        | 3.9         | 46.5       | 41.5        | 5.6         | 51.4       | 42.6        | 9.2         |
| Other Western Europe . . . . .        | 9.9             | 10.7        | .8          | 10.9       | 10.3        | -.5         | 9.3        | 10.7        | -1.0        | 12.5       | 10.9        | 1.3         |
| South Africa . . . . .                | 1.5             | 1.3         | -.1         | 1.7        | 1.9         | -.1         | 2.1        | 1.9         | .1          | 1.6        | 1.9         | -.2         |
| Japan . . . . .                       | .6              | 5.3         | -4.7        | .4         | 6.1         | -5.7        | .5         | 6.1         | -5.5        | .6         | 6.2         | -5.4        |
| Oceania . . . . .                     | 9.3             | 3.0         | 8.3         | 18.4       | 3.1         | 11.7        | 16.4       | 3.5         | 13.4        | 10.9       | 3.3         | 11.0        |
| Centrally Planned Countries . . . . . | 148.8           | 160.5       | -3.6        | 210.6      | 207.6       | -14.6       | 178.3      | 217.8       | -25.5       | 179.9      | 213.7       | -31.8       |
| Eastern Europe . . . . .              | 26.3            | 30.9        | -4.5        | 35.8       | 39.1        | -3.0        | 27.6       | 32.7        | -5.1        | 34.9       | 38.5        | -3.6        |
| USSR . . . . .                        | 92.8            | 96.0        | 4.8         | 120.8      | 106.5       | -3.6        | 90.2       | 115.7       | -11.5       | 90.0       | 107.2       | -15.2       |
| People's Republic of China . . . . .  | 29.7            | 33.6        | -3.9        | 54.0       | 62.0        | -8.0        | 60.5       | 69.4        | -8.9        | 55.0       | 68.0        | -13.0       |
| Developing Countries . . . . .        | 63.8            | 87.1        | -24.1       | 87.8       | 123.2       | -32.2       | 91.1       | 128.6       | -36.1       | 91.0       | 131.3       | -38.6       |
| Middle America . . . . .              | 2.1             | 2.9         | -.8         | 2.4        | 4.4         | -2.0        | 2.3        | 4.5         | -2.1        | 2.7        | 4.8         | -2.4        |
| Venezuela . . . . .                   | ---             | 7           | -.7         | ---        | 8           | -.8         | ---        | .9          | -.9         | ---        | .9          | -.9         |
| Brazil . . . . .                      | 1.6             | 3.6         | 1.8         | 2.7        | 6.5         | -3.9        | 2.9        | 7.1         | -4.3        | 2.3        | 7.3         | -5.0        |
| Argentina . . . . .                   | 5.9             | 4.4         | 1.6         | 8.1        | 4.1         | 4.1         | 8.1        | 4.0         | 4.6         | 7.8        | 4.0         | 3.8         |
| Other South America . . . . .         | 1.9             | 3.8         | -1.8        | 1.3        | 4.3         | -3.0        | 1.8        | 4.6         | -3.0        | 1.5        | 4.5         | -2.9        |
| North Africa/Middle East . . . . .    | 20.5            | 28.2        | -.8         | 28.2       | 41.7        | -12.4       | 26.5       | 42.5        | -16.2       | 28.9       | 44.4        | -16.7       |
| Central Africa . . . . .              | .9              | 2.0         | -1.1        | .4         | 2.9         | -2.6        | .4         | 3.2         | -2.7        | .4         | 3.2         | -2.8        |
| East Africa . . . . .                 | .3              | .6          | -.3         | .3         | .8          | -.5         | .3         | .8          | -.4         | .4         | .9          | -.5         |
| South Asia . . . . .                  | 30.1            | 33.8        | -4.8        | 43.6       | 49.4        | -3.6        | 48.0       | 52.1        | -2.8        | 46.1       | 52.1        | -2.9        |
| Southeast Asia . . . . .              | ---             | 1.2         | 1.2         | .1         | 1.2         | -1.1        | .1         | 1.5         | -1.4        | .1         | 1.3         | -1.2        |
| East Asia . . . . .                   | .2              | 4.2         | -4.1        | --         | 4.8         | -4.8        | --         | 5.2         | -5.3        | .1         | 5.6         | -5.5        |
| Rest of World . . . . .               | .3              | 1.7         | -1.3        | .7         | 2.3         | -1.6        | .7         | 2.2         | -1.6        | .7         | 2.3         | -1.6        |
| World Total . . . . .                 | 324.7           | 335.4       |             | 447.4      | 421.8       |             | 419.7      | 437.3       |             | 431.1      | 438.1       |             |

Table 6--Rice: World Production, Consumption, and Net Exports

| Region                            | 1969/70-1971/72 |             |             | 1978/79    |             |             | 1979/80    |             |             | 1980/81    |             |             |
|-----------------------------------|-----------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|------------|-------------|-------------|
|                                   | Production      | Consumption | Net Exports | Production | Consumption | Net Exports | Production | Consumption | Net Exports | Production | Consumption | Net Exports |
| Million Metric Tons               |                 |             |             |            |             |             |            |             |             |            |             |             |
| Developed Countries . . . . .     | 15.6            | 14.3        | 2.0         | 17.9       | 13.7        | 2.8         | 16.9       | 13.7        | 3.5         | 15.3       | 13.9        | 3.8         |
| United States . . . . .           | 2.9             | 1.3         | 1.7         | 4.8        | 1.7         | 2.4         | 4.3        | 1.8         | 2.7         | 4.8        | 1.7         | 3.1         |
| Canada . . . . .                  | —               | .1          | -.1         | —          | .1          | -.1         | —          | .1          | -.1         | —          | .1          | -.1         |
| EC-9 . . . . .                    | .7              | .7          | -.1         | .7         | .9          | -.2         | .8         | .9          | 0           | .7         | .9          | -.2         |
| Other Western Europe . . . . .    | .4              | .5          | 0           | .4         | .5          | -.1         | .4         | .5          | 0           | .4         | .6          | -.1         |
| South Africa . . . . .            | —               | .1          | -.1         | —          | .1          | -.1         | —          | .1          | -.1         | —          | .1          | -.1         |
| Japan . . . . .                   | 11.4            | 11.5        | .5          | 11.5       | 10.3        | .4          | 10.9       | 10.2        | .6          | 8.9        | 10.5        | .7          |
| Oceania . . . . .                 | .2              | .1          | .1          | .5         | .1          | .4          | .4         | .1          | .4          | .5         | .1          | .4          |
| Centrally Planned Countries . . . | 74.8            | 74.1        | .7          | 94.6       | 94.6        | .2          | 97.2       | 96.8        | .4          | 95.1       | 95.2        | .3          |
| Eastern Europe . . . . .          | .1              | .4          | -.3         | .1         | .4          | -.3         | .1         | .4          | -.3         | .1         | .4          | -.3         |
| USSR . . . . .                    | .8              | 1.1         | -.3         | 1.4        | 1.8         | -.4         | 1.6        | 1.9         | -.5         | 1.6        | 1.9         | -.4         |
| People's Republic of China . . .  | 73.9            | 72.6        | 1.3         | 93.2       | 92.2        | .9          | 95.5       | 94.5        | 1.0         | 93.8       | 92.8        | 1.0         |
| Developing Countries . . . . .    | 117.2           | 119.1       | -2.2        | 144.1      | 142.3       | -2.1        | 133.5      | 140.8       | -2.4        | 148.9      | 148.4       | -4.2        |
| Middle America . . . . .          | .7              | .8          | .1          | .9         | 1.1         | -.1         | 1.0        | 1.1         | -.2         | 1.9        | 1.2         | -.3         |
| Venezuela . . . . .               | .1              | .1          | 0           | .4         | .3          | 0           | .4         | .4          | .1          | .3         | .3          | 0           |
| Brazil . . . . .                  | 4.1             | 4.0         | -.1         | 5.2        | 5.7         | -.7         | 6.6        | 6.1         | 0           | 6.8        | 6.6         | -.2         |
| Argentina . . . . .               | .2              | .2          | .1          | .2         | .1          | .1          | .2         | .1          | .1          | .2         | .1          | .1          |
| Other South America . . . . .     | 1.4             | 1.3         | .1          | 2.3        | 2.0         | .4          | 2.3        | 2.1         | .2          | 2.3        | 2.2         | .1          |
| North Africa/Middle East . . . .  | 2.8             | 2.7         | .1          | 2.8        | 4.3         | -1.5        | 2.9        | 4.5         | -1.8        | 2.8        | 4.7         | -1.9        |
| Central Africa . . . . .          | 1.6             | 2.1         | -.6         | 2.1        | 3.3         | -1.5        | 2.1        | 3.6         | -1.5        | 2.3        | 3.7         | -1.7        |
| East Africa . . . . .             | 1.4             | 1.4         | 0           | 1.4        | 1.6         | -.2         | 1.6        | 1.8         | -.2         | 1.7        | 2.0         | -.2         |
| South Asia . . . . .              | 58.1            | 58.6        | -.6         | 73.1       | 68.9        | 1.3         | 60.8       | 64.3        | .9          | 74.4       | 69.8        | 1.7         |
| Southeast Asia . . . . .          | 23.1            | 22.0        | 1.3         | 25.1       | 21.8        | 2.8         | 24.0       | 22.3        | 2.7         | 25.1       | 23.3        | 2.5         |
| East Asia . . . . .               | 23.7            | 25.9        | -2.6        | 30.6       | 33.2        | -2.7        | 31.6       | 34.5        | -2.8        | 31.1       | 34.5        | -4.3        |
| Rest of World . . . . .           | 2.2             | 2.4         | -.2         | 3.4        | 3.3         | 0           | 3.4        | 3.4         | 0           | 3.4        | 3.4         | -.1         |
| World Total . . . . .             | 209.8           | 209.9       | 260.0       | 253.9      | 251.0       | 254.7       | 262.7      | 260.9       | 262.7       | 262.7      | 260.9       | 260.9       |

Table 7—Rice, milled: U.S. exports of parboiled and brown rice by country of destination, average 1970-74, annual 1974-78, and Aug.-Apr. 1978-79 and 1979-80<sup>1</sup>

| Destination                             | Average   | 1974/75   | 1975/76   | 1976/77   | 1977/78   | 1978/79   | 1979/80   | Aug-Oct |         |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|
|   | 1970-74   |           |           |           |           |           |           | 1979/80 | 1980/81 |
| <i>Metric tons</i>                      |           |           |           |           |           |           |           |         |         |
| Parboiled rice:                         |           |           |           |           |           |           |           |         |         |
| Canada . . . . .                        | 12,806    | 6,171     | 9,579     | 8,284     | 9,656     | 10,481    | 11,386    | 2,711   | 3,944   |
| Belg.-Lux. . . . .                      | 4,424     | 1,064     | 5,365     | 7,730     | 6,076     | 10,406    | 10,168    | 802     | 3,594   |
| West Germany . . . . .                  | 30,141    | 36,540    | 56,763    | 51,870    | 31,964    | 15,212    | 15,995    | 1,986   | 5,428   |
| Netherlands . . . . .                   | 4,645     | 2,109     | 8,788     | 15,062    | 10,054    | 7,265     | 6,481     | 1,449   | 3,022   |
| Sweden . . . . .                        | 4,314     | 4,474     | 5,084     | 7,109     | 7,245     | 7,910     | 8,162     | 1,597   | 3,054   |
| Switzerland . . . . .                   | 11,529    | 7,977     | 13,253    | 27,275    | 14,051    | 25,544    | 20,628    | 3,080   | 16,114  |
| United Kingdom . . . . .                | 12,791    | 6,529     | 7,378     | 8,331     | 4,560     | 12,294    | 9,161     | 385     | 12      |
| Iran . . . . .                          | 944       | 4,718     | —         | 13,922    | 4,990     | —         | —         | —       | —       |
| Saudi Arabia . . . . .                  | 70,029    | 75,863    | 116,221   | 70,537    | 168,036   | 219,195   | 157,978   | 38,127  | 57,063  |
| Liberia . . . . .                       | 22,482    | 11,174    | 18,319    | 15,861    | 25,911    | 27,485    | 40,304    | 13,550  | 12,054  |
| Nigeria . . . . .                       | 1,939     | 2,814     | 11,667    | 117,713   | 132,122   | 150,813   | 137,195   | 70      | 11,004  |
| South Africa . . . . .                  | 66,286    | 45,232    | 75,560    | 88,733    | 61,972    | 90,124    | 97,451    | 27,262  | 12,933  |
| Sub total . . . . .                     | 242,330   | 204,665   | 326,067   | 430,427   | 476,637   | 576,729   | 514,909   | 91,019  | 128,222 |
| Total parboiled <sup>2</sup> . . . . .  | 293,150   | 249,429   | 370,607   | 473,125   | 502,538   | 627,281   | 598,437   | 112,741 | 138,683 |
| Brown rice:                             |           |           |           |           |           |           |           |         |         |
| Canada . . . . .                        | 33,781    | 39,459    | 43,630    | 39,391    | 28,147    | 15,616    | 35,621    | 8,087   | 8,241   |
| Belg.-Lux. . . . .                      | 7,397     | 7,234     | 10,776    | 15,306    | 8,447     | 28,508    | 62,316    | 10,783  | 17,852  |
| France . . . . .                        | 3,673     | neg       | 1,547     | 3,615     | 4,303     | 3,600     | 1,624     | 781     | —       |
| Italy . . . . .                         | neg       | —         | 45,925    | 12,111    | 34,315    | 23,759    | —         | —       | —       |
| West Germany . . . . .                  | 17,144    | 12,256    | 14,897    | 10,648    | 29,570    | 13,402    | 6,434     | 1,029   | 3,164   |
| Netherlands . . . . .                   | 13,538    | 13,724    | 47,995    | 33,510    | 13,535    | 18,508    | 17,509    | 1,240   | 6,938   |
| Portugal . . . . .                      | neg       | —         | 36,594    | 55,412    | 12,082    | 57,850    | 31,050    | 13,050  | —       |
| Switzerland . . . . .                   | 1,248     | 4,475     | 1,153     | 10,923    | 13,548    | 20,473    | 39,268    | 5,132   | 2,478   |
| United Kingdom . . . . .                | 18,323    | 19,881    | 18,715    | 18,760    | 7,658     | 32,210    | 14,709    | 1,512   | 1,531   |
| Indonesia . . . . .                     | 11,932    | —         | —         | 25,520    | 69,331    | —         | —         | —       | —       |
| Liberia . . . . .                       | 4,576     | 5,959     | 6,016     | 6,996     | 5,358     | 3,657     | 9,093     | 1,693   | —       |
| South Africa . . . . .                  | 7,213     | 14,775    | 3,074     | 4,478     | 5,152     | 5,932     | 4,235     | —       | 990     |
| Korea, Rep. of . . . . .                | 252,998   | 432,021   | 128,967   | 75,214    | neg       | 39,331    | 249,719   | 35,734  | 92,253  |
| Sub total . . . . .                     | 371,823   | 549,784   | 359,289   | 311,784   | 231,446   | 262,846   | 471,578   | 79,041  | 133,447 |
| Total brown rice <sup>2</sup> . . . . . | 482,298   | 574,645   | 445,862   | 353,852   | 238,017   | 282,361   | 486,227   | 79,173  | 135,824 |
| Milled rice:                            |           |           |           |           |           |           |           |         |         |
| Canada . . . . .                        | 62,875    | 60,288    | 71,385    | 74,164    | 74,042    | 77,338    | 76,980    | 18,950  | 21,878  |
| Dominican Republic . . . . .            | 16,829    | neg       | 24,083    | 14,928    | 11,366    | 8         | 41,981    | 204     | 3       |
| Belg.-Lux. . . . .                      | 14,268    | 11,236    | 17,051    | 25,473    | 19,310    | 42,433    | 86,393    | 14,595  | 21,450  |
| Italy . . . . .                         | neg       | neg       | 45,971    | 36,241    | 163,934   | 136,928   | 42,516    | 20,398  | 5,260   |
| Fed. Rep. Germany . . . . .             | 51,429    | 53,414    | 72,431    | 65,853    | 62,083    | 29,064    | 23,919    | 11,756  | 9,044   |
| Netherlands . . . . .                   | 21,046    | 21,917    | 57,795    | 50,989    | 25,602    | 26,778    | 39,143    | 11,756  | 13,165  |
| Portugal . . . . .                      | 384       | —         | 36,594    | 69,719    | 12,083    | 57,851    | 31,051    | 13,050  | —       |
| Switzerland . . . . .                   | 13,238    | 12,470    | 14,442    | 46,883    | 29,739    | 51,599    | 64,219    | 8,249   | 19,724  |
| United Kingdom . . . . .                | 40,050    | 32,243    | 29,982    | 32,391    | 12,412    | 48,057    | 29,932    | 2,062   | 4,477   |
| USSR . . . . .                          | 2,028     | 10,141    | 63,228    | 54,923    | 42,786    | 11,313    | 17,844    | —       | —       |
| Korea, Rep. of . . . . .                | 391,600   | 529,798   | 128,967   | 75,214    | neg       | 39,331    | 580,242   | 35,752  | 123,427 |
| Indonesia . . . . .                     | 191,810   | 42,020    | —         | 408,862   | 468,807   | 260,421   | 225,056   | 35,000  | 55,160  |
| Iran . . . . .                          | 107,166   | 461,864   | 173,701   | 457,244   | 343,698   | 348,114   | 31,105    | 30,251  | —       |
| Iraq . . . . .                          | 23,802    | 109,999   | 80,838    | 36,959    | 89,895    | 148,151   | 309,717   | 43,794  | 27,661  |
| Bangladesh . . . . .                    | 63,862    | 258,095   | 245,244   | 21,093    | 82,609    | 3,000     | —         | —       | —       |
| Cambodia . . . . .                      | 85,460    | 166,716   | —         | —         | —         | —         | 27,539    | —       | 18,864  |
| Vietnam . . . . .                       | 224,850   | 63,983    | —         | —         | —         | —         | —         | —       | —       |
| Saudi Arabia . . . . .                  | 71,053    | 78,709    | 116,731   | 71,665    | 169,582   | 233,855   | 168,688   | 40,679  | 63,413  |
| Syria . . . . .                         | 2,876     | 14,382    | 26,205    | 35,943    | 18,022    | 42,161    | 14,568    | —       | —       |
| Zaire . . . . .                         | 1,172     | 817       | 30,432    | 3,303     | 14,980    | 30,425    | 17,391    | —       | 12,423  |
| Guinea . . . . .                        | 8,717     | 15,011    | 9,282     | 12,507    | 24,311    | 9,757     | 6,156     | —       | 10,768  |
| Ivory Coast . . . . .                   | 1,662     | 1,041     | 1,694     | 16,615    | 45,837    | 69,732    | 3,826     | 792     | 935     |
| Liberia . . . . .                       | 32,559    | 23,031    | 24,377    | 51,441    | 41,374    | 40,543    | 62,047    | 25,143  | 30,244  |
| Nigeria . . . . .                       | 2,065     | 3,026     | 12,446    | 130,554   | 171,661   | 183,583   | 137,877   | 106     | 11,041  |
| Senegal . . . . .                       | 8,626     | 18,480    | 11,152    | 22,800    | 77,272    | 1,253     | 15,333    | 262     | 4,842   |
| Rep. of So. Africa . . . . .            | 78,191    | 63,628    | 81,706    | 96,024    | 71,491    | 103,792   | 105,561   | 30,275  | 15,888  |
| Tanzania . . . . .                      | 3,019     | 15,094    | 15,820    | 17,886    | 19,596    | —         | 11,904    | —       | —       |
| Sub total . . . . .                     | 1,522,637 | 2,067,793 | 1,391,557 | 1,929,674 | 2,092,492 | 1,995,487 | 2,170,988 | 366,886 | 469,667 |
| Total milled rice . . . . .             | 1,775,270 | 2,230,957 | 1,538,110 | 2,104,990 | 2,267,448 | 2,430,689 | 2,700,646 | 482,942 | 636,503 |

<sup>1</sup> 1970-75 data on July-June basis; 1976-79 on August-July marketing year. <sup>2</sup> May misrepresent actual levels inasmuch as customs declarations allow for the export of parboiled brown rice as parboiled or as brown rice.

Source: U.S. Census.

Table 8—Monthly prices of selected oilseeds, meals, and oils, 1977-1979<sup>1,2</sup>

| Commodity     | Year | Port        | Jan. | Feb. | March | April | May               | June  | July              | Aug.  | Sept. | Oct.  | Nov.  | Dec.  | Annual Average |
|---------------|------|-------------|------|------|-------|-------|-------------------|-------|-------------------|-------|-------|-------|-------|-------|----------------|
| -- \$/M.T. -- |      |             |      |      |       |       |                   |       |                   |       |       |       |       |       |                |
| Soybeans      | 1977 | Rotterdam   | 287  | 293  | 328   | 384   | 371               | 326   | 252               | 230   | 205   | 209   | 236   | 241   | 280            |
|               | 1978 | Rotterdam   | 239  | 239  | 273   | 290   | 290               | 278   | 266               | 262   | 264   | 271   | 270   | 278   | 268            |
|               | 1979 | Rotterdam   | 284  | 298  | 310   | 300   | 300               | 322   | 322               | 302   | 292   | 283   | 281   | 279   | 298            |
|               | 1980 | Rotterdam   | 268  | 271  | 264   | 252   | 260               | 262   | 303               | 309   | 335   | 340   | 367   |       |                |
| Soybean meal  | 1977 | Rotterdam   | 251  | 248  | 272   | 316   | 298               | 253   | 193               | 174   | 174   | 179   | 200   | 200   | 230            |
|               | 1978 | Rotterdam   | 200  | 188  | 215   | 224   | 221               | 208   | 207               | 202   | 208   | 223   | 227   | 237   | 213            |
|               | 1979 | Rotterdam   | 235  | 238  | 241   | 238   | 240               | 261   | 246               | 236   | 238   | 238   | 251   | 268   | 244            |
|               | 1980 | Rotterdam   | 244  | 238  | 225   | 218   | 224               | 218   | 243               | 260   | 292   | 310   | 336   |       |                |
| Soybean oil   | 1977 | Decatur     | 455  | 493  | 584   | 653   | 687               | 630   | 522               | 464   | 421   | 410   | 461   | 500   | 498            |
|               | 1978 | Decatur     | 460  | 477  | 587   | 600   | 631               | 592   | 569               | 575   | 607   | 593   | 547   | 570   | 567            |
|               | 1979 | Decatur     | 566  | 610  | 614   | 590   | 581               | 609   | 644               | 634   | 659   | 603   | 608   | 576   | 608            |
|               | 1980 | Decatur     | 520  | 512  | 478   | 440   | 445               | 475   | 575               | 571   | 573   | 540   | 579   |       |                |
| Copra         | 1977 | N.W. Europe | 377  | 396  | 510   | 526   | 502               | 433   | 365               | 318   | 325   | 333   | 355   | 388   | 402            |
|               | 1978 | N.W. Europe | 380  | 397  | 435   | 405   | 417               | 459   | 452               | 456   | 525   | 552   | 574   | 595   | 470            |
|               | 1979 | N.W. Europe | 670  | 691  | 690   | 728   | 724               | 725   | 735               | 690   | 613   | 601   | 610   | 595   | 673            |
|               | 1980 | N.W. Europe | 587  | 565  | 520   | 440   | 400               | 430   | 455               | 435   | 403   | 365   | 414   |       |                |
| Coconut meal  | 1977 | Hamburg     | 198  | 187  | 176   | 198   | 185               | 182   | 174               | 171   | 162   | 164   | 172   | 177   | 179            |
|               | 1978 | Hamburg     | 170  | 162  | 163   | 166   | 167               | 169   | 173               | 176   | 179   | 186   | 191   | 198   | 175            |
|               | 1979 | Hamburg     | 202  | 202  | 205   | 209   | 211               | 218   | 219               | 214   | 222   | 223   | 221   | 223   | 214            |
|               | 1980 | Hamburg     | 224  | 226  | 214   | 207   | 210               | 202   | 205               | 208   | 217   | 218   | 224   |       |                |
| Coconut oil   | 1977 | Rotterdam   | 546  | 576  | 735   | 793   | 718               | 620   | 513               | 451   | 463   | 479   | 505   | 539   | 578            |
|               | 1978 | Rotterdam   | 541  | 561  | 650   | 600   | 596               | 646   | 644               | 657   | 778   | 805   | 835   | 886   | 683            |
|               | 1979 | Rotterdam   | 966  | 981  | 986   | 1,062 | 1,056             | 1,062 | 1,095             | 1,002 | 905   | 907   | 907   | 885   | 984            |
|               | 1980 | Rotterdam   | 885  | 840  | 760   | 660   | 618               | 630   | 648               | 620   | 590   | 580   | 650   |       |                |
| Peanuts       | 1977 | N.W. Europe | 529  | 547  | 555   | 582   | 606               | 635   | <sup>3</sup> n.q. | 540   | 480   | 468   | 492   | 544   | 543            |
|               | 1978 | N.W. Europe | 562  | 558  | 557   | 635   | 660               | 667   | 634               | 615   | 638   | 654   | 645   | 628   | 621            |
|               | 1979 | N.W. Europe | 636  | 621  | 605   | 628   | 597               | 540   | 580               | 560   | 535   | 520   | 472   | 480   | 565            |
|               | 1980 | N.W. Europe | 480  | 500  | 485   | 461   | 442               | 440   | 470               | 507   | n.q.  | n.q.  |       |       |                |
| Peanut oil    | 1977 | Rotterdam   | 849  | 856  | 871   | 881   | 897               | 848   | 804               | 807   | 773   | 794   | 852   | 917   | 846            |
|               | 1978 | Rotterdam   | 956  | 910  | 1,020 | 1,127 | 1,128             | 1,106 | 1,042             | 1,044 | 1,210 | 1,194 | 1,191 | 1,022 | 1,079          |
|               | 1979 | Rotterdam   | 976  | 969  | 972   | 970   | 925               | 893   | 913               | 867   | 872   | 812   | 775   | 720   | 889            |
|               | 1980 | Rotterdam   | 744  | 778  | 720   | 708   | 733               | 713   | 860               | 914   | 928   | 934   | 1,093 |       |                |
| Rapeseed      | 1977 | N.W. Europe | 293  | 306  | 326   | 372   | 374               | 342   | 290               | 266   | 279   | 292   | 303   | 302   | 312            |
|               | 1978 | N.W. Europe | 294  | 298  | 319   | 330   | <sup>3</sup> n.q. | 321   | 287               | 258   | 274   | 286   | 297   | 299   | 297            |
|               | 1979 | N.W. Europe | 284  | 306  | 317   | 300   | 304               | 318   | 324               | 327   | 326   | 318   | 311   | 306   | 313            |
|               | 1980 | N.W. Europe | 304  | 304  | 285   | 270   | 290               | 306   | 329               | 319   | 321   | 319   | 363   |       |                |
| Fishmeal      | 1977 | Hamburg     | 467  | 452  | 442   | 484   | 506               | 477   | 447               | 382   | 408   | 456   | 462   | 464   | 454            |
|               | 1978 | Hamburg     | 452  | 434  | 434   | 416   | 410               | 408   | 401               | 405   | 387   | 384   | 398   | 390   | 410            |
|               | 1979 | Hamburg     | 381  | 382  | 381   | 366   | 368               | 393   | 415               | 400   | 394   | 394   | 415   | 450   | 395            |
|               | 1980 | Hamburg     | 491  | 518  | 478   | 470   | 505               | 484   | 479               | 490   | 501   | 512   | 568   |       |                |
| Palm oil      | 1977 | N.W. Europe | 462  | 507  | 598   | 647   | 659               | 619   | 520               | 493   | 460   | 450   | 445   | 501   | 530            |
|               | 1978 | N.W. Europe | 514  | 558  | 598   | 603   | 624               | 654   | 622               | 585   | 615   | 623   | 604   | 604   | 600            |
|               | 1979 | N.W. Europe | 636  | 694  | 688   | 666   | 665               | 675   | 678               | 652   | 640   | 602   | 620   | 630   | 654            |
|               | 1980 | N.W. Europe | 662  | 672  | 637   | 611   | 584               | 555   | 545               | 518   | 501   | 507   | 585   |       |                |

<sup>1</sup>All prices c.i.f. European ports except soybean oil which is f.o.b. Decatur. <sup>2</sup>Source: Oil World; various issues. <sup>3</sup>No quote.

Table 9—Milk: Production in specified countries

| Region and country                        | Average<br>1971/75 | 1976    | 1977    | 1978    | 1979 <sup>1</sup> | 1980 <sup>2</sup> |
|---|--------------------|---------|---------|---------|-------------------|-------------------|
| 1,000 Metric tons                         |                    |         |         |         |                   |                   |
| NORTH AMERICA:                            |                    |         |         |         |                   |                   |
| Canada . . . . .                          | 7,822              | 7,685   | 7,743   | 7,532   | 7,555             | 7,925             |
| Mexico . . . . .                          | 6,200              | 6,350   | 6,634   | 6,930   | 7,055             | 7,160             |
| United States . . . . .                   | 53,065             | 54,554  | 55,655  | 55,160  | 56,074            | 57,840            |
| Total . . . . .                           | 67,087             | 68,589  | 70,032  | 69,622  | 70,684            | 72,925            |
| SOUTH AMERICA:                            |                    |         |         |         |                   |                   |
| Argentina . . . . .                       | 5,504              | 5,625   | 5,303   | 5,208   | 5,132             | 5,300             |
| Brazil . . . . .                          | 7,336              | 9,296   | 9,539   | 10,500  | 10,100            | 10,500            |
| Chile . . . . .                           | 982                | 1,022   | 1,003   | 978     | 954               | 1,030             |
| Peru . . . . .                            | 618                | 640     | 630     | 635     | 639               | 634               |
| Venezuela . . . . .                       | 1,066              | 1,157   | 1,206   | 1,237   | 1,263             | 1,289             |
| Total . . . . .                           | 15,507             | 17,740  | 17,681  | 18,558  | 18,088            | 18,753            |
| EUROPE:                                   |                    |         |         |         |                   |                   |
| Belgium-Luxembourg <sup>3</sup> . . . . . | 3,875              | 3,843   | 3,872   | 4,022   | 4,034             | 4,100             |
| Denmark . . . . .                         | 4,762              | 5,045   | 5,138   | 5,324   | 5,225             | 5,115             |
| France . . . . .                          | 30,115             | 30,801  | 31,478  | 32,205  | 33,410            | 34,950            |
| Germany, Federal Rep of . . . . .         | 21,406             | 22,165  | 22,523  | 23,291  | 23,907            | 24,600            |
| Ireland . . . . .                         | 3,471              | 3,959   | 4,262   | 4,804   | 4,900             | 4,900             |
| Italy . . . . .                           | 10,037             | 10,233  | 10,515  | 10,823  | 11,495            | 11,480            |
| Netherlands . . . . .                     | 9,367              | 10,490  | 10,612  | 11,367  | 11,587            | 11,750            |
| United Kingdom . . . . .                  | 13,886             | 14,394  | 15,179  | 15,877  | 15,895            | 16,350            |
| Total EC . . . . .                        | 96,919             | 100,930 | 103,579 | 107,713 | 110,453           | 113,245           |
| Austria . . . . .                         | 3,289              | 3,277   | 3,333   | 3,357   | 3,340             | 3,364             |
| Finland . . . . .                         | 3,200              | 3,278   | 3,231   | 3,225   | 3,242             | 3,197             |
| Greece . . . . .                          | 1,547              | 1,704   | 1,733   | 1,696   | 1,695             | 1,722             |
| Norway . . . . .                          | 1,815              | 1,898   | 1,860   | 1,837   | 1,873             | 1,910             |
| Portugal . . . . .                        | 608                | 707     | 674     | 685     | 698               | 720               |
| Spain . . . . .                           | 5,222              | 5,726   | 5,877   | 6,052   | 6,158             | 6,275             |
| Sweden . . . . .                          | 3,015              | 3,247   | 3,249   | 3,298   | 3,390             | 3,477             |
| Switzerland . . . . .                     | 3,289              | 3,473   | 3,511   | 3,542   | 3,666             | 3,674             |
| Total Western Europe . . . . .            | 118,904            | 124,240 | 127,047 | 131,405 | 134,515           | 137,584           |
| Czechoslovakia . . . . .                  | 5,288              | 5,400   | 5,529   | 5,472   | 5,668             | 5,722             |
| Germany, Democratic Rep . . . . .         | 7,807              | 8,118   | 8,059   | 8,346   | 8,220             | 8,370             |
| Hungary . . . . .                         | 1,914              | 2,093   | 2,142   | 2,336   | 2,461             | 2,526             |
| Poland . . . . .                          | 16,385             | 16,893  | 17,313  | 17,492  | 17,362            | 17,244            |
| Yugoslavia . . . . .                      | 3,311              | 3,994   | 4,203   | 4,148   | 4,192             | 4,328             |
| Total Eastern Europe . . . . .            | 34,705             | 36,498  | 37,247  | 37,794  | 37,903            | 38,190            |
| Total Europe . . . . .                    | 153,609            | 160,738 | 164,294 | 169,199 | 172,418           | 175,774           |
| Soviet Union . . . . .                    | 87,453             | 89,675  | 94,929  | 94,948  | 93,341            | 90,500            |
| AFRICA:                                   |                    |         |         |         |                   |                   |
| South Africa . . . . .                    | 2,721              | 2,475   | 2,503   | 2,218   | 2,320             | 2,365             |
| ASIA:                                     |                    |         |         |         |                   |                   |
| China, Peoples Rep . . . . .              | 5,183              | 6,385   | 6,690   | 6,958   | 7,150             | 7,400             |
| India . . . . .                           | 23,200             | 24,300  | 24,400  | 25,000  | 25,700            | 25,200            |
| Japan . . . . .                           | 4,899              | 5,262   | 5,735   | 6,125   | 6,465             | 6,500             |
| Total . . . . .                           | 33,282             | 35,947  | 36,825  | 38,083  | 39,315            | 39,100            |
| OCEANIA: <sup>4</sup>                     |                    |         |         |         |                   |                   |
| Australia <sup>4</sup> . . . . .          | 7,123              | 6,421   | 5,933   | 5,642   | 5,817             | 5,544             |
| New Zealand <sup>4</sup> . . . . .        | 5,969              | 6,359   | 6,635   | 6,069   | 6,361             | 6,790             |
| Total . . . . .                           | 13,092             | 12,780  | 12,568  | 11,711  | 12,178            | 12,334            |
| Grand Total . . . . .                     | 372,751            | 387,944 | 398,832 | 404,339 | 408,344           | 411,751           |

NOTE: Totals may not add due to rounding.

<sup>1</sup> Preliminary. <sup>2</sup> Forecast. <sup>3</sup> Excludes small amount of fluid milk production which is exported. <sup>4</sup> Year ending/June 30. <sup>5</sup> Year ending May 31.

SOURCE: FAS, Prepared or estimated on the basis of official statistics of foreign government, other foreign source materials, reports of U.S. Agricultural attaches and foreign service officers, results of office research and related information.

Table 10—Cocoa Beans: Production in Specified Countries, 1975/76-1980/81<sup>1</sup>

(In thousands of metric tons)

| Region and country                 | 1975/76 | 1976/77 | 1977/78 | 1978/79 | 1979/80 | Forecast<br>1980/81 |
|------------------------------------|---------|---------|---------|---------|---------|---------------------|
| North America:                     |         |         |         |         |         |                     |
| Costa Rica . . . . .               | 7.2     | 9.4     | 9.0     | 9.0     | 5.0     | 8.0                 |
| Cuba . . . . .                     | 2.0     | 2.0     | 2.0     | 2.0     | 2.0     | 2.0                 |
| Dominican Republic . . . . .       | 29.0    | 31.0    | 30.0    | 34.0    | 29.0    | 32.0                |
| Grenada . . . . .                  | 2.9     | 2.1     | 2.3     | 2.3     | 2.3     | 2.0                 |
| Guatemala . . . . .                | 2.0     | 3.0     | 3.5     | 3.5     | 3.5     | 3.5                 |
| Haiti . . . . .                    | 3.0     | 3.0     | 3.0     | 3.0     | 2.8     | 2.5                 |
| Honduras . . . . .                 | .3      | .3      | .3      | .3      | .3      | .3                  |
| Jamaica . . . . .                  | 1.6     | 1.6     | 1.3     | 1.8     | 1.8     | 1.7                 |
| Mexico . . . . .                   | 33.1    | 24.2    | 34.7    | 36.0    | 36.0    | 38.0                |
| Nicaragua . . . . .                | .6      | .5      | .6      | .3      | .4      | .4                  |
| Panama . . . . .                   | .5      | .5      | .5      | .5      | .5      | .5                  |
| Trinidad and Tobago . . . . .      | 2.4     | 4.0     | 3.6     | 3.5     | 3.5     | 3.5                 |
| Other <sup>2</sup> . . . . .       | .4      | .4      | .4      | .4      | .4      | .4                  |
| Total . . . . .                    | 85.0    | 82.0    | 91.2    | 96.6    | 87.5    | 94.8                |
| South America:                     |         |         |         |         |         |                     |
| Bolivia . . . . .                  | 3.0     | 3.1     | 3.2     | 2.8     | 3.0     | 3.0                 |
| Brazil . . . . .                   | 257.4   | 234.0   | 283.0   | 314.0   | 290.0   | 325.0               |
| Colombia . . . . .                 | 27.5    | 30.5    | 31.5    | 32.3    | 33.5    | 35.0                |
| Ecuador . . . . .                  | 58.6    | 72.5    | 78.0    | 88.0    | 96.8    | 96.0                |
| Peru . . . . .                     | 3.4     | 4.6     | 5.7     | 6.8     | 7.0     | 7.0                 |
| Surinam . . . . .                  | .1      | .1      | .1      | .1      | .1      | .1                  |
| Venezuela . . . . .                | 16.0    | 16.6    | 16.7    | 15.1    | 13.0    | 16.7                |
| Total . . . . .                    | 366.0   | 361.4   | 418.2   | 459.1   | 443.4   | 482.8               |
| Africa:                            |         |         |         |         |         |                     |
| Angola . . . . .                   | .1      | .2      | .2      | .2      | .2      | .2                  |
| Cameroon . . . . .                 | 96.0    | 84.5    | 108.2   | 107.0   | 122.0   | 120.0               |
| Comoro Islands . . . . .           | .1      | .1      | .1      | .1      | .1      | .1                  |
| Congo . . . . .                    | 2.4     | 2.5     | 2.5     | 2.5     | 2.5     | 2.5                 |
| Equatorial Guinea . . . . .        | 11.0    | 5.0     | 5.0     | 8.0     | 4.5     | 5.0                 |
| Gabon . . . . .                    | 3.7     | 3.5     | 3.2     | 4.4     | 4.0     | 3.5                 |
| Ghana . . . . .                    | 400.3   | 324.3   | 271.3   | 265.0   | 295.0   | 280.0               |
| Ivory Coast <sup>3</sup> . . . . . | 231.1   | 232.4   | 303.6   | 312.0   | 360.0   | 360.0               |
| Liberia . . . . .                  | 2.8     | 3.1     | 3.5     | 3.5     | 3.5     | 3.0                 |
| Madagascar . . . . .               | 1.7     | 1.7     | 1.9     | 1.8     | 1.8     | 1.8                 |
| Nigeria <sup>4</sup> . . . . .     | 217.9   | 167.3   | 205.6   | 139.0   | 175.0   | 160.0               |
| Sao Tome and Principe . . . . .    | 6.0     | 4.7     | 7.0     | 7.5     | 7.0     | 7.0                 |
| Sierra Leone . . . . .             | 6.1     | 7.3     | 6.7     | 7.2     | 11.0    | 9.0                 |
| Tanzania . . . . .                 | .8      | .8      | .8      | .7      | .7      | .7                  |
| Togo <sup>3</sup> . . . . .        | 17.8    | 15.5    | 16.0    | 14.0    | 14.0    | 14.0                |
| Uganda . . . . .                   | .1      | .1      | .2      | .1      | .1      | .1                  |
| Zaire . . . . .                    | 4.3     | 4.1     | 4.7     | 4.0     | 4.0     | 4.0                 |
| Total . . . . .                    | 1,002.2 | 857.1   | 940.5   | 877.0   | 1,005.4 | 970.9               |
| Asia and Oceania:                  |         |         |         |         |         |                     |
| Fiji Islands . . . . .             | .1      | .1      | .1      | .1      | .1      | .1                  |
| Indonesia . . . . .                | 3.7     | 4.6     | 4.0     | 6.0     | 6.2     | 7.0                 |
| Malaysia . . . . .                 | 15.4    | 17.3    | 22.0    | 27.8    | 33.5    | 40.0                |
| New Hebrides . . . . .             | .5      | .8      | 1.0     | .6      | .9      | .8                  |
| Papua New Guinea . . . . .         | 31.3    | 27.8    | 29.1    | 27.0    | 30.0    | 30.0                |
| Philippines . . . . .              | 3.2     | 2.9     | 3.1     | 3.3     | 3.4     | 3.4                 |
| Solomon Islands . . . . .          | .1      | .1      | .2      | .2      | .2      | .2                  |
| Sri Lanka . . . . .                | 1.9     | 1.8     | 1.3     | 1.5     | 1.5     | 1.5                 |
| Western Samoa . . . . .            | 2.1     | 1.4     | 1.3     | 1.3     | 1.5     | 1.5                 |
| Total . . . . .                    | 58.3    | 56.8    | 62.1    | 67.8    | 77.3    | 84.5                |
| Grand total . . . . .              | 1,511.5 | 1,357.3 | 1,512.0 | 1,500.5 | 1,613.6 | 1,633.0             |

<sup>1</sup> Estimates refer to an October-September crop year. <sup>2</sup> Includes Dominica, St. Lucia, Guadeloupe, and Martinique. <sup>3</sup> Includes some cocoa marketed from Ghana. <sup>4</sup> Includes cocoa market through Benin.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source material, reports of Agricultural Attachés and Foreign Service Officers, results of office research and related information.

Table 11—World Cocoa Bean Supply—Demand and Apparent Stock Change, 1949/50 - 1980/81

| Oct-Sept.<br>season        | Production <sup>1</sup> |       | Grind <sup>2</sup> | Apparent<br>stock change | New York spot<br>Accra cocoa<br>bean prices <sup>3</sup> |
|----------------------------|-------------------------|-------|--------------------|--------------------------|--|
|                            | Gross                   | Net   |                    |                          |  |
| 1,000 metric tons          |                         |       |                    |                          |  |
| 1949/50 . . . . .          | 768                     | 760   | 789                | -29                      | 29.0   |
| 1950/51 . . . . .          | 806                     | 798   | 756                | +42                      | 36.7   |
| 1951/52 . . . . .          | 647                     | 641   | 726                | -85                      | 35.2   |
| 1952/53 . . . . .          | 809                     | 801   | 809                | -8                       | 34.2   |
| 1953/54 . . . . .          | 786                     | 778   | 744                | +34                      | 56.5   |
| 1954/55 . . . . .          | 786                     | 778   | 731                | +47                      | 41.4   |
| 1955/56 . . . . .          | 836                     | 828   | 837                | -9                       | 28.8   |
| 1956/57 . . . . .          | 898                     | 889   | 919                | -30                      | 27.2   |
| 1957/58 . . . . .          | 761                     | 753   | 858                | -105                     | 43.5   |
| 1958/59 . . . . .          | 899                     | 890   | 874                | +16                      | 38.0   |
| 1959/60 . . . . .          | 1,043                   | 1,033 | 931                | +102                     | 29.9   |
| 1960/61 . . . . .          | 1,164                   | 1,152 | 1,026              | +126                     | 23.5   |
| 1961/62 . . . . .          | 1,125                   | 1,114 | 1,120              | -6                       | 21.9   |
| 1962/63 . . . . .          | 1,162                   | 1,150 | 1,154              | -4                       | 23.9   |
| 1963/64 . . . . .          | 1,239                   | 1,227 | 1,194              | +33                      | 24.1   |
| 1964/65 . . . . .          | 1,491                   | 1,476 | 1,340              | +136                     | 18.4   |
| 1965/66 . . . . .          | 1,220                   | 1,208 | 1,388              | -180                     | 23.1   |
| 1966/67 . . . . .          | 1,336                   | 1,323 | 1,386              | -63                      | 27.5   |
| 1967/68 . . . . .          | 1,352                   | 1,338 | 1,410              | -72                      | 30.9   |
| 1968/69 . . . . .          | 1,236                   | 1,224 | 1,353              | -129                     | 45.1   |
| 1969/70 . . . . .          | 1,423                   | 1,409 | 1,355              | +54                      | 37.3   |
| 1970/71 . . . . .          | 1,493                   | 1,478 | 1,438              | +40                      | 29.2   |
| 1971/72 . . . . .          | 1,572                   | 1,556 | 1,565              | -9                       | 29.0   |
| 1972/73 . . . . .          | 1,406                   | 1,392 | 1,556              | -164                     | 55.5   |
| 1973/74 . . . . .          | 1,458                   | 1,443 | 1,478              | -35                      | 91.2   |
| 1974/75 . . . . .          | 1,542                   | 1,527 | 1,462              | +65                      | 82.7   |
| 1975/76 . . . . .          | 1,511                   | 1,496 | 1,525              | -29                      | 92.0   |
| 1976/77 . . . . .          | 1,357                   | 1,343 | 1,361              | -18                      | 189.8  |
| 1977/78 . . . . .          | 1,512                   | 1,497 | 1,387              | +110                     | <sup>4</sup> 147.7                                       |
| 1978/79 . . . . .          | 1,500                   | 1,485 | 1,426              | +59                      | 154.3  |
| 1979/80 . . . . .          | 1,614                   | 1,598 | 1,450              | +148                     | 123.5  |
| 1980/81 forecast . . . . . | 1,633                   | 1,617 | 1,480              | +137                     | —  |

<sup>1</sup> FAS data. An adjustment of 1 percent for loss in weight is made to arrive at a net production figure. <sup>2</sup> Gill & Duffus data. Calendar year grind, refers to last year of crop year. <sup>3</sup> Average for October-September year. <sup>4</sup> Beginning October 1977, all price data refer to the average of the daily closing price of the nearest 3 active futures trading months on the New York market.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source material, reports of Agricultural Attaches and Foreign Service Officers, results of office research and related information.

Commodity Programs, FAS, USDA

Table 12—Coffee, Green: Total Production in Specified Countries and Regions—Avg. 1971/72 - 1975/76,  
Annual 1976/77 - 1980/81

(1,000 60Kg bags)

| Region/Country          | Average<br>1971/72 - 1975/76 | 1976/77 | 1977/78 | 1978/79 | 1979/80 | 1980/81 |
|-------------------------|------------------------------|---------|---------|---------|---------|---------|
| North America . . . . . | 13,727                       | 13,367  | 14,244  | 16,046  | 14,566  | 14,943  |
| Costa Rica . . . . .    | 1,413                        | 1,331   | 1,449   | 1,749   | 1,507   | 1,880   |
| El Salvador . . . . .   | 2,644                        | 2,973   | 2,400   | 3,186   | 2,530   | 2,100   |
| Guatemala . . . . .     | 2,203                        | 2,213   | 2,541   | 2,827   | 2,647   | 2,600   |
| Mexico . . . . .        | 3,784                        | 3,330   | 3,500   | 4,141   | 3,610   | 3,700   |
| South America . . . . . | 34,352                       | 22,059  | 32,105  | 36,824  | 38,240  | 37,870  |
| Brazil . . . . .        | 22,780                       | 9,300   | 17,500  | 20,000  | 22,000  | 21,500  |
| Colombia . . . . .      | 8,220                        | 9,300   | 11,050  | 12,600  | 12,300  | 12,400  |
| Africa . . . . .        | 20,955                       | 19,530  | 17,106  | 17,414  | 18,056  | 17,926  |
| Angola . . . . .        | 3,205                        | 1,131   | 1,247   | 613     | 700     | 400     |
| Ethiopia . . . . .      | 2,431                        | 2,782   | 3,143   | 3,142   | 2,963   | 3,100   |
| Ivory Coast . . . . .   | 4,534                        | 4,867   | 3,320   | 4,667   | 3,917   | 4,166   |
| Uganda . . . . .        | 3,175                        | 2,664   | 1,868   | 1,615   | 2,200   | 2,500   |
| Asia . . . . .          | 4,829                        | 5,817   | 6,328   | 7,392   | 8,385   | 8,552   |
| Indonesia . . . . .     | 2,569                        | 3,219   | 3,308   | 4,586   | 5,024   | 5,239   |
| India . . . . .         | 1,506                        | 1,753   | 2,133   | 1,949   | 2,411   | 2,300   |
| World . . . . .         | 74,482                       | 61,497  | 70,482  | 78,431  | 80,102  | 80,096  |

Table 13—World leaf tobacco production in selected countries<sup>1</sup>

| Country                       | 1977             | 1978             | 1979 <sup>2</sup> | 1980 <sup>3</sup> |
|-------------------------------|------------------|------------------|-------------------|-------------------|
| <i>Metric tons</i>            |                  |                  |                   |                   |
| China . . . . .               | 987,000          | 1,000,000        | 970,000           | 990,000           |
| United States . . . . .       | 869,115          | 919,784          | 703,290           | 866,000           |
| India . . . . .               | 418,800          | 493,600          | 451,200           | 400,000           |
| Brazil . . . . .              | 310,000          | 330,000          | 397,000           | 344,000           |
| Soviet Union . . . . .        | 307,000          | 280,000          | 264,000           | 305,000           |
| Turkey . . . . .              | 247,952          | 288,186          | 239,000           | 250,000           |
| Japan . . . . .               | 173,249          | 171,965          | 153,262           | 158,760           |
| Bulgaria . . . . .            | 136,200          | 136,000          | 157,300           | 155,000           |
| Korea, Rep. of . . . . .      | 144,532          | 134,316          | 111,600           | 135,000           |
| Greece . . . . .              | 118,935          | 130,166          | 125,338           | 120,100           |
| Zimbabwe . . . . .            | 86,250           | 84,850           | 112,050           | 115,000           |
| Canada . . . . .              | 104,275          | 115,617          | 78,304            | 113,140           |
| Italy . . . . .               | 109,672          | 109,658          | 111,000           | 110,000           |
| Poland . . . . .              | 87,450           | 58,948           | 69,690            | 105,030           |
| Indonesia . . . . .           | 83,701           | 78,386           | 84,824            | 88,755            |
| Philippines . . . . .         | 84,300           | 79,245           | 84,821            | 86,000            |
| Thailand . . . . .            | 76,752           | 83,350           | 82,000            | 85,000            |
| Mexico . . . . .              | 64,300           | 67,000           | 76,000            | 78,000            |
| Burma . . . . .               | 75,000           | 75,000           | 75,500            | 76,000            |
| Pakistan . . . . .            | 72,580           | 76,263           | 68,130            | 72,803            |
| Yugoslavia . . . . .          | 69,000           | 63,159           | 65,020            | 68,000            |
| Argentina . . . . .           | 82,530           | 62,125           | 68,558            | 64,400            |
| Malawi . . . . .              | 51,604           | 51,142           | 64,185            | 60,381            |
| Colombia . . . . .            | 58,287           | 47,490           | 59,300            | 60,000            |
| Dominican Republic . . . . .  | 38,700           | 56,900           | 48,285            | 54,035            |
| Romania . . . . .             | 47,000           | 41,000           | 45,000            | 45,000            |
| Spain . . . . .               | 21,556           | 29,775           | 38,084            | 45,000            |
| France . . . . .              | 43,586           | 50,466           | 50,640            | 43,861            |
| South Africa . . . . .        | 41,736           | 45,279           | 48,028            | 43,043            |
| Bangladesh . . . . .          | 63,532           | 49,873           | 43,744            | 40,450            |
| Korea, Dem. Rep. of . . . . . | 23,000           | 25,000           | 28,000            | 25,000            |
| Hungary . . . . .             | 24,200           | 22,000           | 18,000            | 22,000            |
| Taiwan . . . . .              | 24,695           | 22,129           | 21,476            | 20,399            |
| Cuba . . . . .                | 45,000           | 46,000           | 30,000            | 5,000             |
| Other . . . . .               | 327,842          | 330,321          | 338,363           | 379,843           |
| <b>TOTAL . . . . .</b>        | <b>5,519,331</b> | <b>5,654,993</b> | <b>5,380,992</b>  | <b>5,630,000</b>  |

<sup>1</sup> Production on farm-sales-weight basis, which is about 10 percent above dry weight normally reported in trade statistics.<sup>2</sup> Preliminary. <sup>3</sup> Estimated.

Source: Foreign Agricultural Service.

Table 14—U.S. exports of unmanufactured tobacco by major destination.

| Country of Destination               | Average<br>1969-71 | 1974  | 1975  | 1976  | 1977  | 1978  | 1979 <sup>1</sup> |
|--------------------------------------|--------------------|-------|-------|-------|-------|-------|-------------------|
| <i>1,000 Metric tons<sup>2</sup></i> |                    |       |       |       |       |       |                   |
| Japan . . . . .                      | 18                 | 50    | 37    | 60    | 61    | 46    | 43                |
| European Community . . . . .         | (143)              | (134) | (125) | (107) | (107) | (153) | (109)             |
| United Kingdom . . . . .             | 48                 | 43    | 36    | 33    | 21    | 68    | 31                |
| West Germany . . . . .               | 45                 | 44    | 41    | 33    | 36    | 24    | 31                |
| Italy . . . . .                      | 10                 | 11    | 14    | 15    | 18    | 19    | 16                |
| Netherlands . . . . .                | 16                 | 14    | 14    | 11    | 14    | 16    | 13                |
| Denmark . . . . .                    | 8                  | 6     | 8     | 4     | 8     | 12    | 7                 |
| Ireland . . . . .                    | 5                  | 5     | 4     | 4     | 2     | 2     | 3                 |
| Belgium-Luxembourg . . . . .         | 7                  | 7     | 4     | 3     | 5     | 8     | 3                 |
| France . . . . .                     | 4                  | 4     | 4     | 4     | 3     | 4     | 5                 |
| Switzerland . . . . .                | 10                 | 10    | 12    | 11    | 13    | 12    | 9                 |
| Egypt . . . . .                      | 1                  | 6     | 5     | 5     | 12    | 11    | 2                 |
| Sweden . . . . .                     | 7                  | 7     | 7     | 6     | 5     | 8     | 6                 |
| Thailand . . . . .                   | 10                 | 9     | 9     | 10    | 7     | 8     | 9                 |
| Philippines . . . . .                | 3                  | 5     | 5     | 6     | 7     | 6     | 5                 |
| Australia . . . . .                  | 6                  | 9     | 7     | 5     | 6     | 6     | 6                 |
| Taiwan . . . . .                     | 4                  | 11    | 7     | 6     | 9     | 12    | 19                |
| Malaysia . . . . .                   | 4                  | 5     | 3     | 3     | 6     | 5     | 4                 |
| New Zealand . . . . .                | 2                  | 2     | 2     | 2     | 2     | 2     | 2                 |
| Sub-total . . . . .                  | 208                | 248   | 219   | 221   | 235   | 269   | 214               |
| Other countries . . . . .            | 31                 | 47    | 36    | 41    | 50    | 49    | 43                |
| World total . . . . .                | 239                | 295   | 255   | 262   | 285   | 318   | 257               |

Note: Individual items may not precisely add to totals because of rounding. <sup>1</sup>Preliminary. <sup>2</sup>Declared weight.

Source: Foreign Agricultural Service.

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